NHS
Norfolk and Norwich University Hospitals
NHS Foundation Trust

# Annual Report and Accounts 2019-20

Norfolk and Norwich University Hospitals NHS Foundation Trust

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Presented to Parliament pursuant to Schedule 7, paragraph 25 (4)(a) of the National Health Service Act 2006.

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# Performance Report

## Chairman's Statement

I joined the Trust as Chairman in June 2019 from East Suffolk and North Essex NHS Foundation Trust – Ipswich and Colchester Hospitals – where I worked as Chairman from 2015.

I was very proud to join NNUH as I have strong links in Norfolk and see our two hospitals, here in Norwich and at Cromer, as lynchpins of the local community. Both of our hospitals are much loved and coming here on day one the appreciation from patients was palpable.

Every day is a great privilege in this role and I get to see at first-hand how our staff consistently have a welcoming smile on their faces and always go the extra mile for our patients.

Of course, the latter part of the financial year covered by this annual report has been dominated by the arrival of Covid-19 and the role played by the NHS, particularly large hospitals such as the N&N.

An equal challenge is getting our services back on track as this phase of the pandemic starts to wane and we need to restore other services for our population.

On behalf of the Board, I want to say a massive thank you to all our staff for their efforts in ensuring that we were as well prepared as possible, and provided the very best care to our patients, during the pandemic. We all know about the practical problems, logistics and most importantly the human cost in what is the hardest and longest lasting challenge that has confronted the NHS in its history. All of the staff have contributed, no matter what their role, to a collective effort to reduce the impact of this virus.

### Leadership

This year has been a year of development for the Trust and I am delighted that we appointed Sam Higginson as our new Chief Executive.

We have also welcomed four new Non-Executive Directors (see page 42 for details) and I believe with these key appointments to our Trust Board, will enhance our position as a well led organisation.

**Finance and efficiency**
Notwithstanding the pandemic, our main challenge over the least year has been finance. It is a constant challenge to stay within our financial means, as our emergency workload grows and our elective programme becomes squeezed.

We are constantly examining the interface between quality and finance to offer the best care to our patients in the most efficient manner.

Helping us in this regard is the new collaborative approach in the NHS which encourages organisations to co-operate rather than compete with each other. We are making progress in bringing key clinical services together across the three acute hospitals in Norfolk. This will make our services more sustainable, support recruitment and ensure that care continues to be delivered close to people's homes. We remain accountable for the organisation but responsible for patients across Norfolk and Waveney.

**Partnership working**
Our direction of travel is to build on our partnerships to help us to deliver a better and more innovative service. Improved working with health and social care organisations has enabled us to provide a better experience for our patients during the pandemic and helped the hospital to work more efficiently. Another great example of partnership working would be the support we have received from the Norwich Research Park which has enabled us to expand our Covid-19 response. We will continue to harness the benefits of this collaborative approach and the accelerated opportunities it will provide.

We also need to use our hospitals to best effect and during the pandemic we have seen a transformation of outpatient services with the rapid change to telephone and video appointments. This is something we must build on to meet the government's requirements to transform outpatient services and make the most efficient use of our resources.

This brings us to the use of new technology and how this will improve the patient's experience and our productivity. From robot surgery to electronic patient record, we must invest in equipment and systems for the future.

**Caring**
One of the consistent themes in our hospitals is being rated highly for caring. This is reflected in the everyday feedback we receive from patients and in our formal assessments by the regulator.
On behalf of the Board, I would like to pay tribute to all our staff and volunteers for the kindness and care they deliver every day.

Over the last couple of months during the Covid-19 pandemic, staff have made a fantastic, collective team effort in stepping up to the incredible demands that have been placed upon each and every colleague during these extraordinary times.

Finally, I would really like to pay tribute to the extraordinary levels of support we have received from the wider community across Norwich and Norfolk. The donations to us have been absolutely amazing with so many practical goods and services to help us through these difficult times. We have been truly humbled by your generosity and know just how much you value your local NHS.

**David White**
**Chairman**

## Chief Executive's Statement

I started my new role as Chief Executive in October 2019. Since then, I have seen at first hand the amazing level of care delivered to our patients which makes me so proud to work here. Thanks to the team work of the executives and the whole board, we have a comprehensive quality programme in place and our staff are fully involved in improving their own services. The results from everyone's efforts are starting to bear fruit and with such a great number of quality improvements to our services. We are confident about our progress, with a determination to become good by 2021 and from then to outstanding.

The main challenge is our financial sustainability and we are working hard on plans for savings, productivity and efficiency. We face a difficult year from an operational and financial perspective.

The impact of the Covid-19 pandemic is immense in terms of the loss of elective work and the scale of the task in tackling the backlog.

**CQC report**

Our rating of 'Requires improvement' remains the same following the latest CQC inspection in December 2019.

However, the CQC recommended that we should be removed from special measures and this has now been confirmed by NHSE/I.

This was, followed by a well-led review in January 2020. The CQC report also included a 'Use of resources' section and this was rated as 'requires improvement' and there is more work to do.

The CQC found that many aspects of care had improved, praising End of Life Care, which is rated as Outstanding, Outpatient care which is rated Good and noted improvements in Urgent and Emergency Care and Surgery.

The domains of 'Effective' and 'Caring' are rated as Good, and the 'Safe', 'Responsive' and 'Well-led' domains are rated as Requires Improvement. This is a significant improvement from our previous report and represents a huge amount hard work, innovation and professionalism from our teams. Our rating of 'requires improvement' means we still have improvements to make, but these results mark extremely good progress on our journey to outstanding.

Other highlights in the report include the positive impact being made by the Older Persons' Emergency Department, and a focus on research and development as well as the creation of a quality improvement faculty.

We welcome that the CQC recognises that the board and senior leadership team has a clear vision and values at the heart of our work and a clear focus on safety and quality as do teams across the organisation. The trust's proactive approach to working with others in the STP, region and further afield to develop care pathways, ensure sustainability of quality improvement as well as encouraging staff development were also praised.

In terms of our progress, I would like to draw attention to the skill, compassion and unstinting efforts of all our outstanding staff and volunteers. Their commitment has been invaluable and, on behalf of the Trust, I would like to thank them for all their dedication and support.

**Covid-19**
The Covid 19 pandemic is one of the greatest challenges the NHS has seen since its inception. At the time of writing this report we are implementing our plans which were based on our pandemic flu plan and they are guiding our services during this difficult time.

I am very proud that we have been identified that we shall become a regional surge centre, ready to treat seriously ill patients from Norfolk and Waveney and further afield. Some of our cancer services and urgent care are being delivered at the Norwich Spire site to provide a safer experience for patients away from Covid-19 positive wards. It is true to say that in a few weeks we have transformed the way our services are delivered to deal with the health threat posed by coronavirus.

I cannot express enough thanks to our dedicated and committed staff who have worked above and beyond to provide the best care for our patients. Our services are performing at their best in continuing to save the lives of the most vulnerable people in our community

**Capacity and investment**
Last autumn, we embarked on the largest building programme the hospital has undertaken in the 20 years since it was first opened. A further 100 beds are being added to the N&N site through the construction of the new ward block and a nine bed isolation unit due to open in summer 2020.

Progress is going well for expansion of the Interventional Radiology Unit (IRU) and the Cardiac Catheter Labs as we build another floor onto the east outpatient wing at the N&N. The new state of the art unit is also due to open in summer 2020, benefiting patients right across the region with a range of minimally invasive procedures.

New funding was also announced last year by the government to build a new diagnostic centre, along with two other similar units at the two district general hospitals in Norfolk. Once constructed, this new centre will enable us to identify cancers and other conditions at an earlier stage using the latest technology.

At Cromer Hospital we have partnered with Macmillan Cancer Support to create some exciting plans for a new unit which will be called the North Norfolk Macmillan Centre and construction work will begin later in 2020.

We are investing more in new IT infrastructure with new hardware to replace our desktop PCs and digitising old paper records. On a larger scale, plans are being taken forward for a new Electronic Patient Record across the three Norfolk Acute Hospitals as part of an STP (Sustainability and Transformation Partnership) development. This would replace the existing Patient Administration System and many of our standalone clinical IT systems at the Trust.

**Finance and sustainability**
During the Covid-9 pandemic, Trusts are being offered support to write off debt that has been incurred in previous years. We are awaiting further detail at the time of writing this report and we welcome this national support to move us to an improved financial position. Nevertheless, finance remains a significant challenge and our teams will be putting a renewed focus on productivity and cost savings in the next few months.

All our services are looking carefully at their plans to make savings and we are determined to become more efficient, involving our staff as we move forward.

With our neighbouring hospitals, the James Paget University Hospital (JPUH) and the Queen Elizabeth Hospital at King's Lynn, we are working together more closely exploring the opportunities to link up our services as part of the Hospital Services Strategy.

Some services have already integrated with Urology services at all three hospitals coming together and ENT (ear, nose and throat) services combining at JPUH and NNUH.

Integrated services make it easier to recruit the skilled clinicians we need and enable us to sustain services and deliver care close to the patients' home. Once the clinical teams have worked on some of the practical arrangements, we will be involving patients as we plan further improvements to their care.

**Research and Innovation**

We are making a step change in how we approach research by integrating it into every aspect of our services. We are aiming to build on the excellent foundations established in the Trust with more than 400 research projects taking place, covering many areas of medicine. Many of the research projects at the hospital involve partners from the University of East Anglia, Norwich Research Park and the National Institute for Health Research. There is a strong commitment and serious ambition for research at NNUH and we are enhancing research capability and support at the hospital.

I am immensely proud of our staff and what they have achieved throughout the last year, particularly in dealing with the Covid-19 pandemic. I would like to congratulate everyone on their fantastic contribution to patient care for the people of Norfolk and Waveney and further afield.

**Sam Higginson**
**Chief Executive**

# Overview of Performance

Welcome to our 2019/20 annual report which describes our achievements during the year, covering our service improvements, finances and performance in key areas. Our Quality Account provides a more in-depth report on how we are continuously improving quality, safety and patient experience in our hospitals.

## Purpose of the overview section

This overview section gives a short summary of the organisation, its purpose, the key risks to the achievement of its objectives and how it has performed during the year.

## Purpose and Activities

The Norfolk and Norwich University Hospital is a 1,200 bed teaching hospital with state-of-the-art facilities for modern patient care. We work closely with the University of East Anglia's Faculty of Medicine and Health Sciences to train health professionals and undertake clinical research. Cromer Hospital on the North Norfolk coast is also a very important facility for us providing high volumes of care to the relatively isolated, predominantly older population of North Norfolk.

Our staff of more than 8,000 care for and support patients who are referred to us by around 100 local GP practices and from other acute hospitals and from GPs around the country. Our team of more than 700 dedicated and active volunteers is involved in providing support to patients and staff across both the N&N and Cromer Hospital.

We have a range of more specialist services such as cancer care and radiotherapy, orthopaedics, plastic surgery, ophthalmology, rheumatology, children's medicine and surgery, and specialist care for sick and premature babies.

We have world class facilities, highly skilled staff and low infection rates. Our patients rate us highly on quality of care and having friendly, approachable staff.

## Brief History

We were authorised as an NHS Foundation Trust on 1st May 2008 in accordance with the National Health Service Act 2006. The NHS Foundation Trust succeeded the NHS Trust formed in 1994.

We are one of the busiest teaching hospitals in England, serving a population of nearly one million. We are located on the southern boundary of Norwich, and our nearest neighbouring acute hospitals are the James Paget University Hospital (JPUH) which is situated 30 miles to the east in Gorleston-on-Sea and the Queen Elizabeth Hospital (QEH), which is situated 40 miles to the north west in Kings Lynn.

We have developed stronger relationships with both of these hospitals over recent years, including the Eastern Pathology Alliance (EPA), and numerous clinical networks. We are currently looking at development joint clinical strategies across a number of specialties.

Amongst local providers there is a recognition of the need to explore closer collaborative working across clinical networks to ensure that the highest possible quality of care is available for local people.

## Key Issues and Risks

Over 2019/20, we have continued to see an increase in demand for emergency care, cancer referrals, 18 week wait referrals and ambulance arrivals at the Emergency Department.

Finance remains a risk and in order to deliver financially sustainable high quality services to patients, there is a need for us to deliver operational transformation and work with partners to achieve system-wide service redesign. Overall the Trust was rated as 'requires improvement' for Use of Resources, reflecting the Trust's financial deficit and difficulty in consistently achieving the constitutional operational standards.

One example of service redesign is the work we are doing with the other Trusts, plus other partner organisations, through the Norfolk and Waveney Sustainability and Transformation Partnership (STP). From 1 January, the ENT and Urology services were integrated across the James Paget University Hospital and the Norfolk and Norwich University Hospital to create single teams – the Norfolk and Waveney ENT Service and Norfolk and Norfolk and Waveney Urology Service respectively. From 1 March, the Urology Service at the Queen Elizabeth Hospital at King's Lynn joined the other two hospitals in the integrated service.

It is recognised across the STP that demand is increasing and there has been support for the expansion of the N&N Hospital in adding a new ward block to increase bed capacity. The expansion followed an STP review of demand and capacity in December 2018 which concluded that due to a growing and ageing population acute inpatient capacity cannot meet demand.

In face, we have embarked on our biggest construction programme since the N&N Hospital was built 20 years ago to meet rising demand. It will increase capacity and improve services for patients, with approximately 100 new beds.

When the hospital first opened, the Trust treated 60,000 patients a year in the Emergency Department. Last year, more than 140,000 patients attended ED and emergency ambulance arrivals have increased by 50% in seven years.

With cancer referrals going up 10% every year and emergency admissions up almost 20% since 2011, the Trust has built a new three-storey ward block. The first phase of the development expected to open to patients in June 2020. The £14m investment will house an Acute Medical Unit extension and relocated Acute Stroke Unit. The new wards will increase capacity at NNUH by 70 beds and an extra 30 inpatient beds have been created since the Jack Pryor Unit moved its renal dialysis services offsite.

**Strategy**
Our strategy guides developments at the Trust and addresses the level of demand from the local population. In summary there are four key objectives:

**Our Objectives**

- We will be a provider of high quality health and care services to our local population
- We will be the centre for complex and specialist medicine for Norfolk and the Anglia region
- We will be a recognised centre for excellence for research, education, innovation and workforce development
- We will be a leader in the redesign and delivery of health and social care services in Norfolk.

**The strategy to meet these objectives:**

- Develop a new diagnostic facility known as Diagnostic Assessment Centre (DAC)
- Develop our digital capability and capacity
- Develop services at Cromer Hospital
- Support a 24 hour seven days a week acute hospital service
- Maintain and strengthen our tertiary (region wide) specialist services
- Become a recognised centre of excellence for neurosciences, heart attack and cancer services; develop these services and the supporting clinical services such as interventional services, diagnostics and critical care
- Play a leading part in the development of the Quadram Institute.
- Collaborate with our acute hospital partners to help ensure clinical services remain or become sustainable across Norfolk
- Work closely with the Norfolk and Waveney STP to help ensure NNUH is financially sustainable
- Develop our work with primary and social care to help improve how we look after patients with long-term conditions and reduce the increase in emergency admissions.

Work has continued on plans to implement these strategies. Progress in 2019/20 includes:

- £40m of national investment announced for the new Diagnostic Assessment Centre at the N&N Hospital.
- Construction of the new Interventional Radiology and Cardiology services to construction work due to complete in May 2020.
- Agreement with Macmillan Cancer Support to develop the North Norfolk Macmillan Cancer Support Centre at Cromer & District Hospital.
- Development of new models for Urology, ENT and other teams across Norfolk with the first integrated teams having been established.
- Commencement of a masterplan for future investment in estates.
- Developing plans for the expansion of the Emergency Department.

## Covid-19

Our services have been transformed by the arrival of the Covid-19 pandemic. In a few short weeks during March and April 2020, we carried out most of our outpatient consultations by telephone, created a second emergency department, moved our cancer centre to the Spire Norwich and became a regional surge centre for patients needing intensive care.

As we write this report, it is likely that social distancing and measures to shield vulnerable patients will continue during the rest of the year. There will also be a catching up process following the pandemic when patients awaiting non-urgent surgery and procedures will need to be treated. More detail about our activities related to Covid-19 is given on page 24.

## Research at NNUH

The Trust is involved in almost 400 active research studies across a range of specialities and involving partners from Norwich Research Park, University of East Anglia, and the National Institute for Health Research (NIHR).

The NNUH focuses particularly on research excellence in chronic diseases around oncology, gastroenterology, diabetes and muscular skeletal conditions, paediatrics, older peoples' medicine and platform technologies relating to radiology and advanced imaging, and microbiology.

Almost a quarter of all research projects at NNUH are dedicated to helping cancer patients and nearly 10 per cent are looking into the healthcare of babies, children and young people.

## Emergency Preparedness, Resilience and Response' (EPRR)

We need to be able to plan for and respond to a wide range of incidents and emergencies that could affect health or patient care. These could be anything from extreme weather conditions to an infectious disease outbreak - such as the Covid-19 pandemic - or a major transport accident or a terrorist act. This is underpinned by legislation contained in the Civil Contingencies Act 2004 and the NHS Act 2006 (as amended).

This work is referred to in the health service as 'Emergency Preparedness, Resilience and Response' (EPRR).

All NHS funded services must have robust and well tested arrangements in place to respond to and recover from these situations. The minimum requirements which commissioners and providers of NHS funded services must meet are set out in the current NHS England Core Standards for EPRR (Core Standards). The Trust is audited annually on these core standards and In 2020 The Trust was fully compliant.

## Going Concern Statement

The Board is required under IAS 1 Presentation of Financial Statements to assess as part of the accounts preparation process, the Trust's ability to continue as a going concern.

The financial statements should be prepared on a going concern basis unless management intends, or has no alternative, but to apply to the Secretary of State for dissolution without transfer of its services to another entity.

These accounts have been prepared on a going concern basis and the factors taken into consideration in making this assessment are set out below.

The Trust reported a deficit of £54.8m in the year with a deficit of £60.6m in the previous year. The Trust draft annual plan for 2020/21 was a deficit of £86.4m, compared to a given control total deficit of £34.8m for an initial four month period until 31 July 2020. However, nationally the annual planning process has been paused as a result of the required focus and response to the COVID-19 virus pandemic.

In that regard, funding for the four month period until 31 July 2020 has been confirmed. All NHS providers will receive a guaranteed minimum level of funding that should provide funds sufficient to deliver a break even position through the period. It will be through a 'block' arrangement with our commissioners along with a top up sufficient to enable costs including special COVID 19 costs to be fully met.

In addition, it has been announced that the NHS Cash and Capital Regimes for 2020/21 have been reformed. The reforms include the 'write off' of historic NHS debt and a move away from interest bearing loans for future interim revenue support which instead will be provided as PDC. This means that our NHS debt of £195.1m will be written off in 2020/21. The reforms also confirm that future revenue support will be available for exceptional short-term cash flow requirements and longer term revenue support for providers in financial distress.

Against that backdrop, the Board of Directors has carefully considered the principle of Going Concern. After making enquiries and considering the impact of the NHS cash reforms, in particular the assurance over funding for the period to 31 July, the write off of historic NHS debt and the assurance over revenue support for providers in financial distress, the Directors have a reasonable expectation that the Trust will have access to adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

# How we are improving care for our patients

**NNUH at the forefront of tongue-tie study**

The biggest research project into the treatment of tongue-tie has begun with NNUH at the forefront of a national study.

The Trust has become the first in the country to join the FROSTTIE clinical trial to help babies with breastfeeding difficulties.

Up to 11% of newborn babies can have tongue-tie, which can affect their ability to breastfeed.

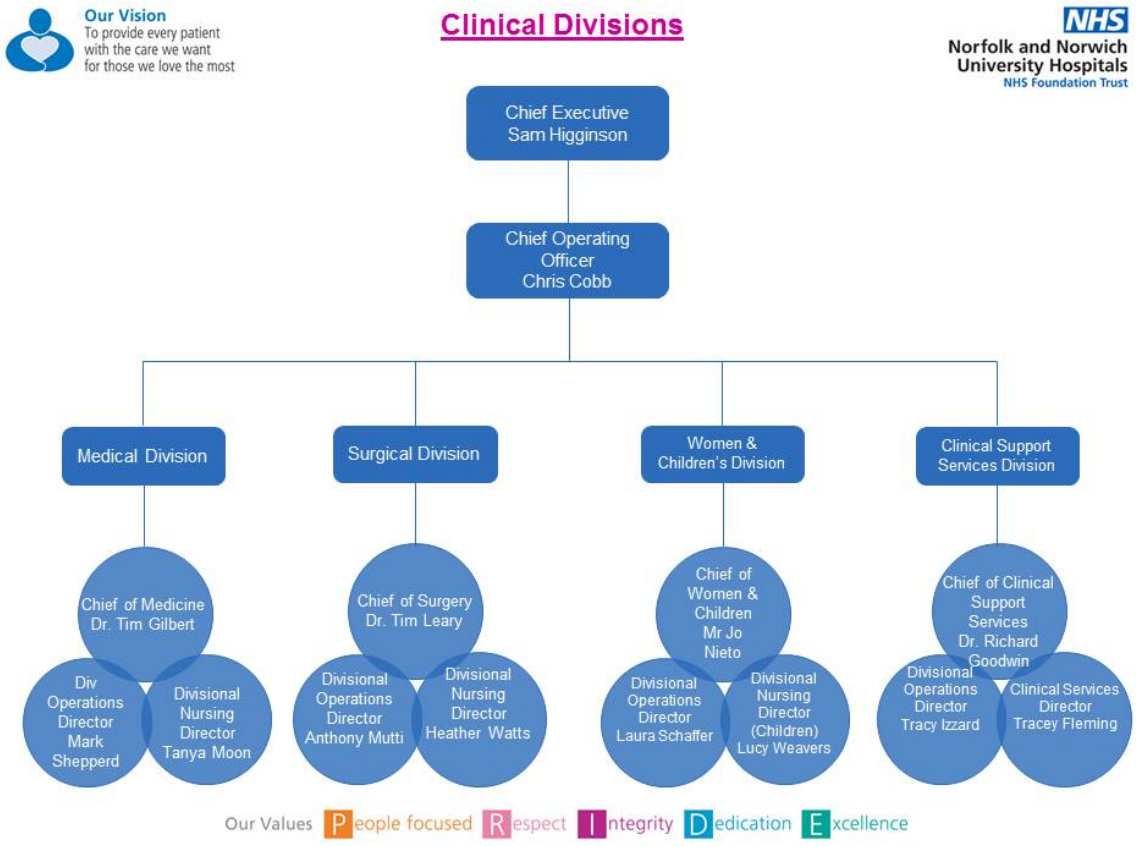
Staff at the NNUH have enrolled the first five babies to the national trial, which aims to find out if skilled support for breastfeeding on its own, or together with a minor snip (frenotomy), helps mothers and their babies to breastfeed.

The trial, which aims to recruit 870 patients, is being coordinated by the University of Oxford and has been funded by the National Institute for Health Research (NIHR). The study is supported locally by NNUH Clinical research and Trial Unit.

## How we measure performance

Our services are clinical led with four divisions: Medicine, Surgery, Women and Children's Services, and Clinical Support. There is a Chief of Division role in each who is the overall lead for the division, with all roles within the division ultimately reporting to them. The Chief is accountable for the performance of the division. Each division also has a Divisional Operations Director whose primary role is to direct and control operations to deliver the division's business plan including recruitment and training of staff, management of service line budgets and ensuring service quality. There is also a Divisional Nursing/Clinical Services Director whose role is to direct and control divisional clinical staff including maintaining patient safety and ensuring front-line teams are appropriately motivated and trained.

The Chiefs of Division report to the Chief Operating Officer and are part of the Management Board with the Executive Directors. The Management Board is responsible for the operation and performance of the Trust, reporting to the Trust Board. The divisional structures are show below:

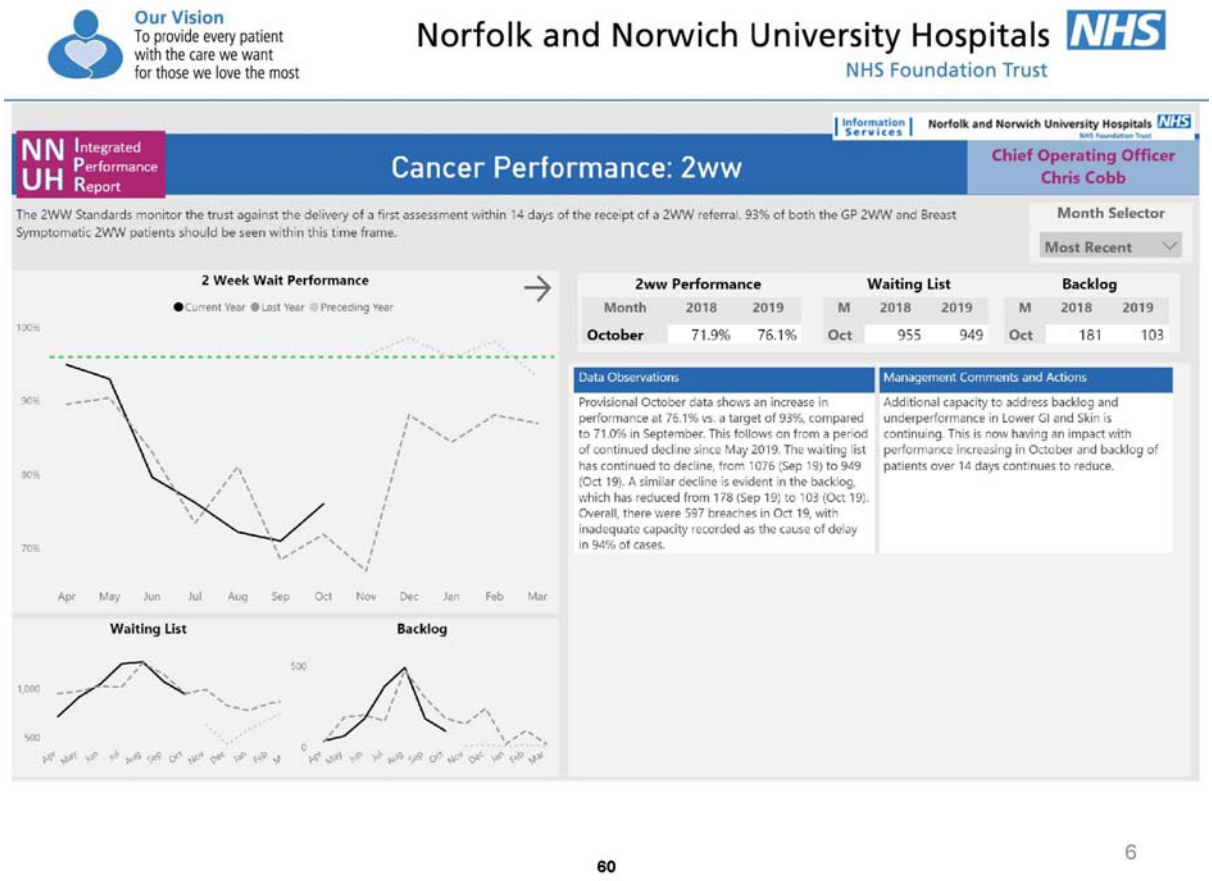


## Integrated Performance Analysis

A 46-slide monthly integrated performance report is produced by the Trust which provides details of how the Trust is performing on key targets such as infection control, cancer waiting time targets, the A&E target, and the 18 week RTT target, plus finance and staffing issues.

It is shared widely with the Trust Board, Management Board, the Council of Governors and with the staff through the monthly Connected sessions. The aim is to keep everyone informed on how the Trust is performing and describe our progress towards meeting targets or introducing new quality initiatives.

Example of a summary slide from the integrated performance report:




During the year, we have been meeting with our regulator NHS Improvement to review our performance and have focused on the Trust's improvement plans, financial position and long term strategy.

## KPIs, Risk and Uncertainty

The Trust has a Risk Management Strategy which sets out the accountability and reporting arrangements to the Board of Directors for risk management within the Trust.

Risk is assessed at all levels in the organisation from the Board of Directors to individual wards and departments. This ensures that both strategic and operational risks are identified and addressed and risk assessment information is held in an organisation-wide Risk Register. A risk scoring matrix is used to ensure that a consistent approach is taken to assessing and responding to clinical and non-clinical risks and incidents.

Those risks with a high residual risk rating (following the impact of appropriate mitigating actions) are detailed in a High Risk Tracker – reported to both the Board of Directors and Management Board through the Integrated Performance Report.

The Hospital Management Board oversees the identification and mitigation of key risks arising from or relevant to the operation of the Trust. Each of the Management Board committees and governance sub-boards have Terms of Reference and they report regularly to the Management Board on areas of risk or issues that require escalation.

There are eight Governance roles across the Divisions. These Leads will play a key role in promoting a safety first culture, and disseminating and best practice learning across all staff groups.

For more information, see the Annual Governance Statement on page 107.

### CQC Inspection report

The CQC recommended that we should be removed of special measures and this has now been confirmed by NHSE/I following our latest CQC inspection which took place in December 2019, followed by a well-led review in January 2020. The CQC report also included a 'Use of resources' section and this was rated as 'requires improvement' and there is more work to do.

We are still rated as 'requires improvement' with many aspects of care showing improvements. The CQC has praised End of Life Care which is rated as Outstanding, Outpatient care which is rated Good and noted improvements in Urgent and Emergency Care and Surgery.

The domains of 'Effective' and 'Caring' are rated as Good, and the 'Safe', 'Responsive' and 'Well-led' domains are rated as Requires Improvement. This is a significant improvement from our previous report and represents a huge amount hard work, innovation and professionalism from our teams; at Requires Improvement overall, we still have improvements to make, but these results mark extremely good progress on our journey to outstanding.

Other highlights in the report include good examples of innovation across the Trust; the positive impact being made by the Older Persons Emergency Department, and a focus on research and development as well as the creation of a quality improvement faculty.

We welcome that the CQC recognises that the board and senior leadership team has a clear vision and values at the heart of our work and a clear focus on safety and quality as do teams across the organisation. The Trust's proactive approach to working with others in the STP, region and further afield to develop care pathways, ensure sustainability of quality improvement as well as encouraging staff development were also praised.


## Quality Improvement

We have published our Quality and Safety Improvement Strategy for 2019 to 2023. It supports our 'journey to outstanding' and the achievement of our vision ***"to provide every patient with the care we want for those we love the most"*** and is underpinned by our core values. We have set out our quality priorities for the next few years, to improve patient safety, clinical effectiveness and the experience of those who use our services.

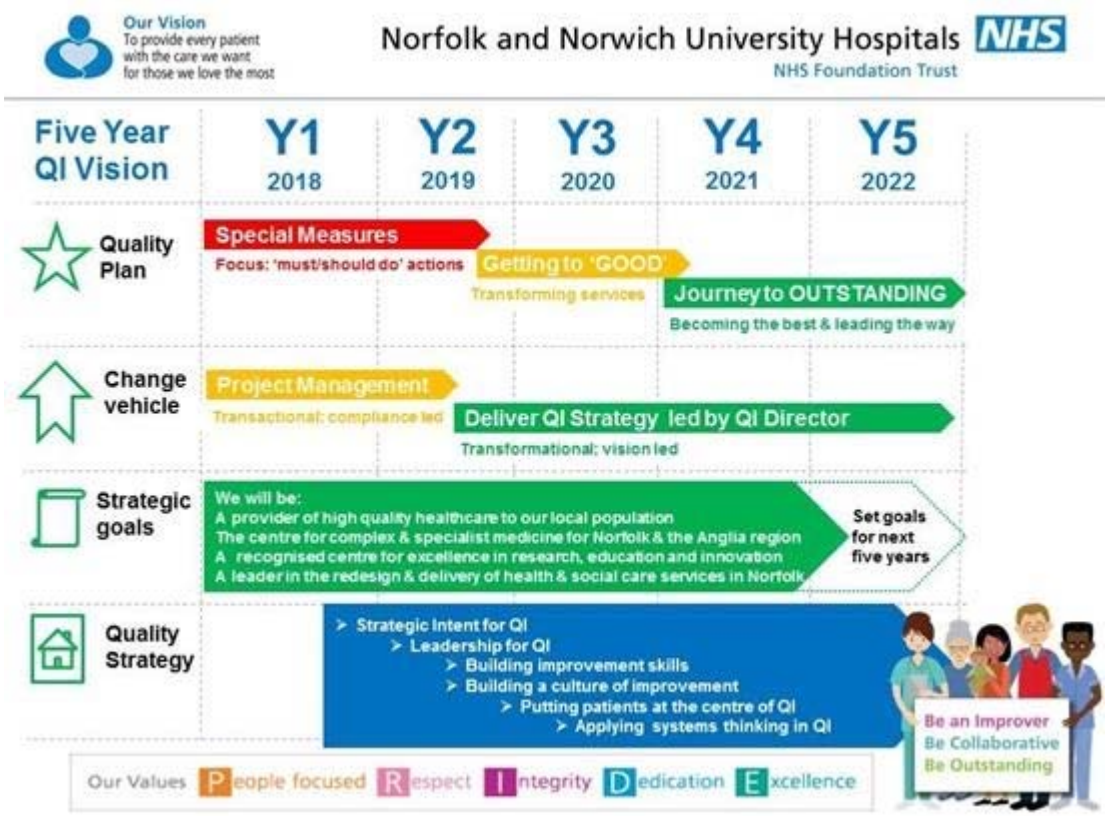
We will also be equipping our staff with the tools, techniques, training and support needed to deliver quality improvements in all areas, day in day out. In particular, we will develop a QI Faculty and widen access to quality improvement training for all our staff.

The Board is committed to making both the care we provide, and the experience of the staff who work in our hospitals and community services outstanding. We are planning, managing and measuring the improvements we make, and we will hold ourselves to account for delivering planned improvements and for facilitating a focus on quality at all levels.

This strategy will evolve over the coming years and we will ensure that as many people as possible, particularly our staff and patients, can share their views and shape our quality plans going forward.

Our Quality Strategy underpins our quality objectives to continually improve patient experience, safety and effectiveness of care.

- It will ensure that challenges facing the Trust are met without compromising quality of care
- Ensure that lessons are learned when things go wrong and meaningful actions taken
- Allow us to recognise when quality is not as good as it should be and empower staff to change it for the better
- Help teams and individuals see the contribution they make to improving quality
- We will demonstrate delivery of national and locally defined quality priorities by clearly defining and measuring what we aim to achieve by when




## Long term trend analysis

Over the last ten years the NNUH has experienced significant growth in the demand for its services. Nearly four years' ago the Trust Board agreed that providing additional capacity for treating patients was crucial if the hospital was going to continue to provide excellent care for its local population and the wider East Anglian region.

When the hospital first opened, the Trust treated 60,000 patients a year in the Emergency Department. Last year, more than 140,000 patients attended ED and emergency ambulance arrivals have increased by 50% in seven years. This increase in demand has an effect on patient flow and inpacts our performance.

The increase in emergency work at the expense of elective work has also impacted our finances and an increase in bed numbers will help us to keep the elective programme on track, increasing activity and income.

With cancer referrals going up 10% every year and emergency admissions up almost 20% since 2011, the Trust we have embarked on our biggest construction programme since the N&N Hospital was built 20 years ago to meet rising demand.

In summer 2020, we will be opening a new three-storey 100-bed ward block. The £14m investment will house an AMU extension, extra critical care beds and relocated Acute Stroke Unit which will increase capacity and improve services for patients, with approximately 100 new beds.

An extra 30 inpatient beds have also been created because the renal dialysis services have moved offsite. A new nine bed isolation unit is also under construction next to the new ward block and this is due to open in summer 2020.

## Covid-19 pandemic

### Surge centre for intensive care

The hospital's services have radically changed during the Covid-19 pandemic. Many of the expansion schemes we had planned will take longer to develop because we are focussed on treating patients with the virus or work has been postponed because of the lockdown. There have also been a number of new developments in March/April 2020 which are outlined as follows:

A regional surge centre was announced at NNUH in April 2020. Like all acute hospitals across the country, we already had our own plans in place to expand critical care capacity to meet potential surges in demand for local patients with coronavirus needing this level of care. The regional surge centre has created extra capacity on top of this, and will be able to take in patients from across the entire East of England region.

Normally, we have 36 ventilated beds, which are used to treat the most critically ill patients. Along with all hospitals, it has plans in place to open further beds to meet local coronavirus needs – at NNUH, this is a further 60 beds. However, as part of its role as a regional surge centre, the Trust has put in place plans to open a further 170 beds on top of that, in phases, if the need arises.

### Second emergency department

A second Emergency Department opened in early April 2020 in response to coronavirus, with construction underway also on a new isolation unit. This expansion has allowed the regional surge centre to be based within the Trust's existing estate and is making use of the new ward block and some existing ward facilities.

### Cancer patients treated offsite

A landmark agreement between NNUH and Spire Healthcare has enabled hundreds of Norfolk NHS patients with cancer to receive treatment in Spire's Norwich hospital, allowing Norwich and Norfolk University Hospital to focus on caring for people with COVID-19.

Since the end of March 2020, Spire has put together a brand new cancer service from scratch to care for local people and support the NHS. In just three weeks, it has seen 500 patients and is carrying out 35-40 operations each week. It has also launched a chemotherapy service which will see 300-350 patients each week.

The partnership between Spire Healthcare and the Trust been made possible under a national agreement, which Spire, alongside the whole of the independent sector, has signed to make its staff, equipment and facilities available to the NHS to help alleviate the pressure caused by the pandemic.

As well as cancer patients, Spire Norwich is providing care for NHS patients who need cardiological treatment and spinal surgery. Midwifery clinics are also planned.

## Development and Performance

**New kidney dialysis centre**
A state-of-the-art renal dialysis unit opened in early March 2020, which has increased capacity for patients requiring treatment for chronic kidney disease.

A purpose-built Norfolk and Norwich Kidney Centre sees the majority of renal dialysis moving from the Jack Pryor Unit at the Norfolk and Norwich University Hospital to Francis Way, Bowthorpe.

The Trust has been working with Diaverum, a national specialist provider of renal dialysis services to set up the expanded service. The new unit will be exclusively for patients requiring dialysis and the renal dialysis unit at Cromer and District Hospital will remain on its current site.

Some renal dialysis treatment will still take place within NNUH for emergency cases, those too unwell to attend the community based service and for chronic dialysis patients when they come into hospital for other treatments.

**Expansion at Cromer & District Hospital**
Plans for a new cancer care and support centre at Cromer and District Hospital have been developed with Macmillan Cancer Support.

The centre – funded by Macmillan and the N&N Hospitals Charity - will enable patients, many of whom currently travel to Norwich, to have their treatment and access support services closer to home.

The North Norfolk Macmillan Cancer Support Centre will include:

- Six chemotherapy treatment chairs with capacity to treat up to 36 patients a day.
- Three new clinic rooms and two new minor procedure rooms, creating an additional 10,000 outpatient appointments annually.
- A Macmillan cancer information and support centre.
- The new unit will also free up space in the main Cromer Hospital building to deliver an extra 600 surgical procedures in dermatology, urology, vascular surgery and pain management.

The number of people living with cancer is growing and predicted to rise from 2.5million today to four million by 2030 in Norfolk, around 6,000 people are diagnosed with cancer each year. There are approximately 35,300 people living with cancer in the county.

**Mobile cancer care unit**
In order to expand cancer services, an innovative partnership between Cancer charity Hope for Tomorrow and the N&N Hospitals Charity will enable chemotherapy and other cancer drug therapies to be delivered in a mobile cancer care unit.

The launch of the new state-of-the-art unit has bee postponed because of the Covid-19 pandemic. The service has been made possible thanks to support from ‘Hope for Tomorrow’ and a generous donation from the Mark Benevolent Fund.

It will treat up to 16 patients a day and is designed to travel to different locations around Norfolk, delivering cancer care in up to five different venues a week. Locations are being considered in the run up to the launch and include Dereham, Fakenham, Beccles and Attleborough. North Norfolk is covered by separate developments at Cromer and District Hospital.

**Interventional Radiology expansion**
The new Interventional Radiology Unit (IRU) is due to welcome its first patients in 2020 and will increase the number of interventional radiology suites at the Trust from one to four.

The expansion and the addition of state-of-the-art imaging equipment will make the Norfolk Centre for Interventional Radiology a national beacon and training centre for interventional radiology.

Interventional radiology is a minimally invasive alternative to open surgery that uses radiological image guidance such as x-ray, ultrasound and CT to diagnose and treat a wide range of conditions and patients from specialities including renal, urology, oncology, vascular, obstetrics, gynaecology and respiratory.

The new 1,450sqm space will comprise of four large treatment rooms, two recovery wards with side rooms, nurse bases, anaesthetic rooms, offices, staff rest rooms, pre-assessment bays, prep rooms, scrubs, toilets and a main reception with waiting area.

**Cardiology capacity**
Early in 2020, we opened a new procedure room to help increase cardiology capacity. The investment in new equipment and a redesign of existing clinical space at NNUH has enabled the Trust to open its fourth Cath Lab. It is already being used to treat patients who are having heart attacks and other heart-related conditions requiring urgent management.

The new room has the latest technology, which offers improved image quality and reduces radiation exposure for patients. The project also received funding of £55,000 from the Norfolk Heart Trust to help complete the works and £50,000 to buy haemodynamic equipment.

It will be used for percutaneous coronary intervention (PCI), also known as angioplasty, to carry out emergency and elective work to treat patients who are experiencing a narrowing of their coronary arteries and also for other cardiac emergency procedures.

**Breast cancer care**
A state-of-the-art machine has been installed to help improve breast cancer care.

The new machine has been made possible thanks to the generosity of fundraisers and supporters of the hospital charity's Boudicca Appeal. More than £250,000 has already been raised for the appeal, which has enabled the start of work to create a one-stop-shop breast cancer unit at NNUH for all patients with suspected breast cancer.

The Boudicca Appeal aims to raise £800,000 in total to create a unit where patients can have the necessary images taken, undergo a biopsy and see their consultant in one appointment. Thanks to donations, the Trust has invested in a stereotactic mammography machine to carry out biopsies, which is already helping to improve patient care.

**New Bereavement Suite**

A new bereavement suite at NNUH for families experiencing baby loss has been created at the thanks to charitable donations from local families and fundraisers.

The bereavement suite enables parents and family members who have lost a baby to have precious time together and to make memories.

The Meadow Suite has its own entrance with the facilities of a double bed and bathroom, providing a private and quiet space to spend time as a family, with the opportunity to have baby by the bedside. Other members of the family can also join the parents in a separate seating area and kitchenette adjacent to the delivery room. The suite is located close to the delivery suite to enable on-going care from midwifery staff.

## Digital strategy

The Trust is also looking at the introduction of a full Electronic Patient Record (EPR) which would replace the existing Patient Administration System and many of our standalone clinical IT systems at the Trust.

The introduction of an EPR will reduce and look to stop the amount of new paper being generated, as clinical information is captured electronically, whilst also improving the flow of information across the various care pathways. In the meantime we are using an Electronic Document Management System to convert paper records to electronic ones. In time, the two approaches will work side by side to progressively move towards a state where no paper is generated but access is always easy and in context to the historical records.

In other developments, the Electronic-Observations (E-Obs) business case has been approved at Trust Board. This will replace paper charts for clinical observations such as NEWS scoring and Sepsis alert scoring, and staff on the wards will be able to use handheld devices to enter clinical observations and if any patient's observations show deterioration, the system automatically alerts those who need to know.

### Respect, dignity and safeguarding

A core element of our services is respect for dignity, protection of vulnerable patients and of human rights. This is reflected in the specialist work of our Learning Difficulties and Safeguarding team. Through a series of Trust policies and protocols, awareness raising, input on the wards and through staff training the dignity and autonomy of patients is enhanced. This is illustrated, for example, in relation to the deprivation of liberty safeguards, reporting of female genital mutilation, protection against domestic abuse and facilitated decision making for patients with dementia. Regular reports on these issues are received and reviewed through the Trust's Caring and Patient Experience Governance Sub-Board.

# How we are improving care for our patients

**NNUH launches Acute Respiratory Care Unit**

A new service has begun at the NNUH to improve care for patients who are acutely unwell with respiratory illnesses.

A six bedded Acute Respiratory Care Unit (ARC) has been developed on Hethel Ward, which will be staffed by specialists in respiratory care.

The Ventilatory Support and Sleep Medicine Team in Respiratory Medicine have launched the service, which includes provision and the expansion of non-invasive ventilatory support at the hospital.

The Trust treats more than 150 patients a month with acute respiratory illness, including severe respiratory failure, pneumonia, pneumothorax and pulmonary embolism.

The 24/7 ARC unit on Hethel ward has a staffing ratio of one nurse to three patients dedicated to delivery of high quality acute respiratory care.

**Our Financial Performance**
The financial plan in support of the operational plan for 2019/20 was a deficit of £21.4m, reflecting an operational deficit plan of £55.1m and Provider Support Funding, Financial Recovery Funding and Marginal Rate Emergency Tariff funding of £33.6m. Thus a net deficit of £21.4m consistent with our given control total. The operational deficit was based on activity and demand assumptions having regard to current experience, outline savings plans and costs.

During the year we experienced a number of significant operational challenges, both local to us and reflected nationally and as a consequence our financial results for 2019/20 were not as originally planned. This meant that we were not eligible to receive the full £33.6m of support funding. Our operational deficit excluding all support funding was £71.3m, being £16.2m adverse to plan. Our final reported position was a deficit for the year of £54.8m.

The deficit reflects the operational challenges, in particular the ongoing levels of non-elective demand and the resultant impact on our elective capacity. This was exacerbated by the impact of COVID-19 in the latter months of the year. Key performance issues and the constant downward financial pressure and unprecedented demands upon the expenditure base were the main drivers for not being able to achieve our original plan.

**Financial Improvement**
Our financial improvement plan required us to deliver £26.6m of savings, representing 4% of turnover – a challenging target. We were successful in delivering savings of £25.25m, of which £14.1m was recurrent. There has been a focus on productivity and associated efficiency improvements, along with continuing challenge to reduce premium pay costs. This has been underpinned by an enhanced governance and delivery programme with inbuilt quality and safety safeguards.

**Cash Management**
We continued to focus on cash management in order to ensure that our cash was used most effectively in order to minimise the amount and timing of borrowings from the Department of Health.

- Our end of year revenue borrowing was £168m; an increase of £56.9m in year compared to the prior year.
- Our end of year capital borrowing was £27.1m.
- Total borrowings were £195.1m.
- Our closing cash was £13.4m.

Since the year end the NHS cash regime has been reformed. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital to allow the repayment of historic debt.

**Capital Expenditure**
We invested £35.8m in new and replacement capital assets during the year (2018/19: £9.8m). The most notable investments were:

- progression of the development of the Interventional Radiology Unit £6.0m
- the purchase of the Discharge suite £4.9m
- the purchase of 2 new robots for surgery £2.5m
- the investment in Digital £10.3m.
- In addition, as part of the Regional COVID response we were awarded a further £8.9m for a 10 bedded isolation unit and 25 bed HDU, which will be capital expenditure in 2020/21.

**Overseas operations**
We do not have any overseas operations.

**Charitable Funding**
We are fortunate to be supported by the Norfolk and Norwich Hospitals Charity, and The Cromer Community and Hospital Friends Charity. In addition we are again fortunate to receive support from many external charities and organisations. In 2019/20 we benefited from £3.8m of donated assets (2018/19: £1.2m).

**Operational Future**
The immediate future is focused on COVID-19 and containing and managing its impact for our patients and staff. It is unclear when this will settle, however we know that it is important that plans for resuming the elective programme are key for the care of our non COVID-19 patients.

The delivery of our non COVID-19 services has been supported by greater use of technology and different ways of working and it is important that the efficiencies arising are not lost once the pandemic reduces.

The financial impact of the current environment is not known, and the recovery requirements over the medium term remains uncertain. In that regard, we welcome the changes in the funding regime for 2020/21 which will provide more certainty over cash availability. However, our ambition remains to strive to continually improve our services for the benefit of our patients and with a relentless focus on patient safety and care.

**Financial Accounts 2019/20**
The full accounts are attached at the end of this document.

# Social and community report

We aim to be at the heart of the local community serving a large population in a rural area. We touch the lives of many people as patients, visitors, members, fundraisers, volunteers and employees. Local people can get involved in a number of ways, principally through our large membership scheme, but also through our ward assurance audit programme, patient panel or as a volunteer.

Patient and family feedback is vital to help us improve the care we provide and we collect the views of patients and families in several ways outlined on the following pages:

## Patient, carer and family Feedback

We gather feedback in a number of ways – these include the more traditional methods of PALS and complaints but we also seek out views using the 'Friends and Family' survey where we ask for feedback from across our in-patient, out-patient and emergency areas. As well as survey questions we look at all additional 'free-text' comments are reviewed and themed, helping us to understand patients' views and to make service improvements. Feedback is invited through a variety of methods including card systems, telephone and touch-screens. We are now regularly interacting with patients via events and engagement opportunities and recording and using their feedback.

In addition during the year we have worked more closely with Healthwatch Norfolk who now visit on a regular basis to listen to patients and families and then share that feedback with us as well as publishing it to their website – meaning the feedback is both available for our staff to act upon and also for our communities to see in the spirit of openness.

Similarly we are increasingly receiving and analysing feedback via social and online outlets such as Care Opinion, Facebook, Twitter and similar. We respond directly and take action where necessary as well as sharing the mostly complimentary comments with our wards and clinics – this is a great morale booster and shows staff the impact of their care.

We have driven up the recording and sharing of compliments and positive feedback during the year and have seen the number of compliments recorded increasing throughout the last year.

Monthly patient feedback reports at ward level are available to matrons to share with ward staff and the reports are discussed at the monthly Patient Engagement and Experience Governance Sub Board meeting, providing transparency and enabling them to take action to remedy issues and share best practice.

The Board is updated every month on the key issues highlighted by patients, and actions taken to resolve them. Our matrons have been using the information from these surveys to work with our ward teams to improve the care we provide and our Friends and Family Test score from inpatients is consistently been above 95%.

Over the last year the lead for Patient Engagement and Experience has recruited a team to support the patient engagement and experience ambitions of the hospital and the PALS team has been boosted also. The Trust has developed a new Patient Engagement and Experience strategy which was developed with colleagues across the organisations and externally with the assistance of the newly formed Patient Panel., The team will support the roll out of the strategy which will see the Trust focus on:

**Our strategic aspiration for patient engagement and experience is:**
*NNUH is an outstanding organisation with exceptional patient and carer experience where people feel listened to, action is taken and we work in partnership with patients and carers, especially those who are seldom heard, to continually improve.*

Our ambitions for patient engagement and experience:

- Working in partnership with patients is the norm – there is a strong Patient Voice including those who are seldom heard
- Services and pathways are co-designed with patients, staff and other stakeholders
- Feedback, whether complimentary or critical is proactively sought, coordinated, analysed & used to make improvements – 'you said, we did…together'
- All staff feel engaged, confident and empowered to proactively listen, respond and act - from the top and embedded throughout the organisation
- Volunteers support the patient experience to be outstanding through innovative roles and opportunities

A key ambition was to form a Patients' Panel and this has been achieved during the year with the Panel holding its first meeting in August 2019. Since then the Panel has gone from strength to strength and is beginning to become embedded across the organisation on committees and supporting Quality Improvement projects.

The panel will eventually comprise 15-20 current or former patients, carers and others with a link to the hospital, representing the spectrum of people who use hospital our services. The panel will enable the thoughts and ideas of patients to be heard and taken into account at the board and senior management level, to help NNUH instil a patient-centred approach when developing and improving services, ensuring we are work in partnership with patients.

A Carers' Forum has also been established to work alongside the Patient Panel and ensure the voices of family carers are heard and we are responding to their specific needs; thereby supporting the needs of patients in a holistic way.

**Perfect Ward**
Over 1225 staff have now registered to use a new app called Perfect Ward which is a system to record the quality audits carried out across the Trust in 124 outpatient areas and wards, including Cromer & District Hospital.

The aim is to drive improvement by having a consistent way to capture information and track progress or compare areas.

Staff can now carry out 4 key audits on an iPad which include the daily safety checklist, weekly quality rounds, documentation and Infection Prevention and Control. The audits cover a number of themes including infection control, patient safety and patient experience. Colleagues can score questions, capture photos and write free-text comments straight into the app, so the time taken to carry out inspections is significantly reduced. Capturing the information directly in electronic format means there is no need to write up and send reports afterwards either.

There is also a pilot underway currently in the Trust looking to implement an additional feature to Perfect Ward enabling staff to be able to carry out action plans on findings within the app.

### Volunteer work to improve the Patients' Experience

We currently have just over 600 volunteers and work with a wide variety of external voluntary groups to support us and enhance the experience of our patients. Our volunteers are placed throughout Norfolk and cover services over seven hospital sites and also in the community.

Volunteers have been specially trained to support appropriate patients at mealtimes, to provide companionship and dementia support volunteers have been introduced to work alongside the dementia support workers on OPM wards. In addition to this some specialist roles have also been established such as reading aloud, breast feeding support and music therapy. A regular team of volunteers support our school of medicine assisting them with registering students and providing refreshments on exam days. Fundraising volunteers have been assigned to our fundraising manager and assist her with all kinds of fundraising events and activities. Bleep buddies carry bleeps and can be contacted by staff hospital-wide. They are mainly used by secretaries, administration staff, receptionists and the volunteers' office for ad hoc errand running, note collecting, patient escorting and wheelchair pushing duties. In addition, a team of volunteers carry out audits and surveys gathering patient experience data from our inpatients on iPads. They also collect card surveys from our outpatient clinics and conduct telephone surveys with patients the day after discharge.

**Settle in Service**

The community "Settle in Service" has proved a great success. Our 'Settle-in' volunteers meet patients as they return home and carry out some simple checks around the home. Duties include making a cup of tea, unpacking patient's bags, checking the central heating is working and ensuring there are some basic grocery supplies such as bread and milk in the cupboards. Volunteers carry out simple environment risk assessments around the home, offering advice to patients to prevent falls and signposting to other community services, thus increasing the patients confidence in returning home.

In February 2019, we secured £75,000 funding for 18 months from Helpforce to support our Settle In Service. This has enabled us to recruit a dedicated Co-ordinator who has increased the number of community based volunteers, and has actively promoted the service both internally and externally. The service dovetails into our Volunteer Driver Service which had enabled us to streamline the discharge process better and cut down on delays getting home. We have also strengthened the relationship with Red Cross Home Support so we can offer the patient a longer term option as well as working together dealing with more complex discharges

**Volunteer Patient Transport Home Service**
On the 25 February 2019 we went live with a three month trial for volunteer drivers transporting suitable patients home after discharge. Volunteers had access to 2 wheelchair accessible vehicles and one multi person vehicle that had been supplied by Serco and transported patients home that were being discharged through the Aylsham Discharge Suite. Four volunteers were trained and assessed by a ROSPA approved assessor and the project was backed by Serco lease hire agreement ensuring the vehicles were fit for purpose. In the first 6 weeks we had taken 64 patients home that would have normally waited for ERS transport, or paid for a taxi home. This enabled patients to be discharged home earlier and in comfort. The service also assisted our occupational therapists by delivering enablement equipment to patients' homes.

Following the successful trial last year the service was relaunched in house in February 2020. Funding provided by the hospital charity enabled the recruitment of a new volunteer driver co-ordinator and the hire purchase of two Wheelchair accessible vehicles. Our volunteer drivers cover the whole of Norfolk and Waveney and are available Monday to Friday… 100% of patients surveyed felt this service enabled them to get home quicker and would fully recommend the service to others if required.

Since February we had successfully transported over 70 patients home before being forced to redeploy the service to support the Covid19 pandemic.

**End of Life Butterfly Volunteers**
We are very proud to work in partnership with the Anne Robson Trust, to bring 'Butterfly Volunteers' to the Norfolk and Norwich University Hospital. The role of the Butterfly volunteer is to provide compassionate care and emotional support at end of life for patients across the hospital. The volunteer's role is to provide support to patients and their loved ones who have been recognised as being in the last days and hours of their life. The Butterfly volunteer shifts may include sitting with the patient and providing companionship, offering gentle hand massage and supporting the families of patients.

**Palliative Care**
Palliative care volunteers to help support patients and their families towards the end of life. For patients (and those important to them) who have been admitted to our hospital and are estimated to be within the last term of their lives volunteers will provide:

- A befriending and companionship service for the patient
- A respite break for the family
- Run small errands within the hospital shops, restaurant and café
- Assist with hobbies if appropriate and available eg. Board games, reading, playing cards etc.

Volunteers will be able to offer compassionate and empathetic support to patients and those important to them who may be experiencing complex or difficult emotions and who may be feeling emotionally vulnerable.

**Older Peoples Medicine**
As our Older People's Medicine project grows, volunteers will provide a wider range of enrichment activities for patients on wards including puzzles, interactive games on smart screens and tablets, memory box activities and reminiscence exercises. OPM volunteers will increasingly be supporting older patients across all areas of the hospital, not just OPM departments, and will support in the Older People's Emergency Department where they will meet, reassure and accompany patients to further investigations for the duration of their visit.

Volunteers will offer greater support to the dementia support team by calling patients' next of kin to discuss and complete 'This is Me' booklets. These booklets can help tell staff and visitors about patients' backgrounds, likes and dislikes and they enable a more person-focussed approach to care and support. If patients' next of kin cannot visit the hospital or does not wish to complete a booklet themselves, volunteers will further be able to complete the booklets over the phone and ensure they're displayed on wards.

**Pets As Therapy Dogs**
Pets as Therapy dogs continue to be an incredibly valued addition to the hospital and there are now twelve Pets as Therapy volunteers visiting ten different wards. The visiting PAT team includes Anne and her Mini Dashund Lily, Diane and her German Shepherds Yoda and Juke, Jon and his Poodle Ginger Beer, and Sophie with her Bijon Freise Minty who was shortlisted for this year's PAT Dog of the Year.

Research provides evidence that dogs can have a positive effect on patients' wellbeing and assist a speedier recovery. The companionship of a dog and their handler can decrease loneliness, stimulate conversation, encourage movement and social interaction.

Ward Coordinator Charlotte Brown said "having the PAT dogs lifts the mood of some of our long stay patients - they allow our patients with dementia to reminisce about having a dog of their own. Staff morale is also greatly improved by the PAT dog visits - they are able to provide a few minutes of distraction and respite".

**Therapeutic Care**
A small team of volunteers support patients and staff by offering gentle touch hand massage, this has been particularly beneficial on stroke wards, older peoples wards and maternity areas to aid sleep and relaxation.

**Investing in Volunteers**
Similar to "Investors in People" the voluntary services team have undertaken the re-accreditation process for the IiV award (renewable every three years). The process requires an organisation to produce an initial self-assessment then carry out any service developments identified before they receive a three day visit from an assessor. The assessor is required to scrutinise evidence based practice and interview a selection of volunteers and staff.

Those interviewed represented a range of ages and lengths of service, ranging from those who have volunteered for 15 or more years to those recently recruited (within the last six months) and includes a diverse range of volunteers.

All volunteer roles were represented in the sampling: Wards; Clinics; Administration; Meet & Greet/Reception; Patient Experience; Meal Time Assistants; Administrative Support; Bleep Buddies; Settle In Service; and Older People's Medicine etc.

Sixty four volunteers were interviewed face to face and additionally, volunteers were able to complete the online survey and 149 responses were received.

Due to the very diverse nature of the organisation's involvement of volunteers 14 members of staff were also interviewed to reflect different departments/sites and the different activities that volunteers support across the NNUH: Those interviewed were the Voluntary Services Manager, Director of Workforce (VSM's Line Manager); Volunteer coordinator; Matrons, Nurse Managers, Clinic Managers, Secretaries; Dementia Support Worker; Assistant Practitioner; Admin Managers, Risk Administrator; Security Manager and Governor.

NNUH voluntary services received a very positive report from the assessor and are delighted that they were successful in achieving the award. NNUH are the only hospital in the country to receive the accreditation for a fifth time.

**Membership scheme**
As an NHS Foundation Trust, we have a membership scheme with over 17,000 public members. Members receive a copy of our magazine The Pulse and they are invited to talks on health topics and events such as our open day and fete. Members also give their views on health priorities and other issues. More information about membership is given in the Council of Governors' section of the Director's report on page 66.

**Health Overview and Scrutiny Committee**
The Health Overview and Scrutiny Committee is part of Norfolk County Council and its role is to scrutinise the local health service, ensuring that patients and the public are properly involved in any changes to services. The committee has examined issues such as ambulance turnaround times at A&E and discharge from hospital, looking at the arrangements in our hospital and others locally.

**Healthwatch**
Healthwatch England is the national consumer champion in health and care. It has significant statutory powers to ensure the voice of the patient is strengthened and heard by those who commission, deliver and regulate health and social care services. Healthwatch members have been part of our quality assurance audit process and Healthwatch members have also assisted in gathering feedback from patients. We have also worked with Healthwatch on the Hospital Services Strategy which seeks to integrate clinical services across Norfolk and Waveney for the benefit of patients.

## Norfolk & Norwich Hospitals Charity

Norfolk & Norwich Hospitals Charity is the Trust's official registered charity. Its objective is to improve the health and wellbeing of NHS patients who use the services of the Trust's hospitals. It makes grants to pay for equipment, facilities or amenities which enhance and supplement what the Trust is able to provide with its NHS funds. The donations to the charity having been raised largely through the generosity and tireless efforts of donors and supporters in the local community as well as the Trust's own staff.

**Impact of Charity Funding**
The charity funds a whole range of projects across the hospitals here are just a few stories of how the charity has made a difference over this last year.

**Boudicca Breast Cancer Appeal**
The Boudicca Breast Cancer Appeal was set up in October 2018 to help fund a new unit, in order for the hospital to provide faster diagnosis and treatment.

The appeal aims to raise £800,000 towards the new facility where patients can have the necessary images taken, undergo a biopsy and see their consultant in one appointment. Previously, not all patients have been provided with this same-day diagnosis service because of limited capacity in the existing unit. As funds have been donated they have been used to buy equipment and expand the unit, making rapid improvements to the service and we have now raised over £400,000.

Supporters of the Boudicca Appeal have raised money in a variety of ways. We have developed a partnership with the five Norwich Rotary Clubs which have been very active in organising a craft fair and Boudicca Ball amongst other fundraising activities. The Rotary also helped us to develop links with other commercial partners including Taylor Wimpey East Anglia and the Desira Group in association with Suzuki and East Bilney Coachworks which donated a brand new car as a raffle prize.

**Bereavement suite**
A new bereavement suite for families experiencing baby loss has been created at NNUH, thanks to charitable donations from local families and fundraisers. The bereavement suite enables parents and family members who have lost a baby to have precious time together and to make memories.

The Meadow Suite has its own entrance with the facilities of a double bed and bathroom, providing a private and quiet space to spend time as a family, with the opportunity to have baby by the bedside. Other members of the family can also join the parents in a separate seating area and kitchenette adjacent to the delivery room. The suite is located close to the delivery suite to enable on-going care from midwifery staff.

**Volunteer Driver Scheme**
Patients about to leave hospital have been getting more support to return home thanks to a new volunteer transport service at NNUH. The Volunteer Drivers scheme is funded by the charity and is available to patients who are discharged via the hospital's Aylsham Discharge Suite. It is believed to be among the first hospital-run schemes of its kind in the country.

It runs alongside existing non-emergency ambulance transfer services to provide an option for patients who do not need an ambulance, but would otherwise struggle to get home due to illness, time or financial constraints or are simply facing a long wait for taxis, public transport or friends and relatives.

**Mobile cancer unit**
An innovative partnership between Cancer charity Hope for Tomorrow, the Norfolk and Norwich University Hospital (NNUH) and its charity arm, the Norfolk and Norwich Hospitals Charity, will enable chemotherapy and other cancer drug therapies to be delivered in a mobile cancer care unit.

The launch of the new state-of-the-art unit has been postponed because of the Covid-19 pandemic. When up and running the new service will be thanks to support from 'Hope for Tomorrow' and a generous donation from the Mark Benevolent Fund. The staffing costs of nearly £600,000 will be covered by the Norfolk and Norwich Hospitals Charity for the first three years of operation to get the service underway before handing over to the hospital.

The unit will treat up to 16 patients a day and is designed to travel to different locations around Norfolk, delivering cancer care in up to five different venues a week. Locations are being considered in the run up to the launch and include Dereham, Fakenham, Beccles and Attleborough. North Norfolk is covered by separate developments at Cromer and District Hospital.

**Cromer & District Hospital**
The generosity of a Norfolk farmer is helping to improve health services in North Norfolk after Cromer Hospital received one of its biggest ever donations. The family of Douglas de Bootman have presented a cheque of more than £1m to the N&N Hospitals Charity after the retired farmer left the proceeds of his estate to the hospital charity to benefit Cromer Hospital in his will. Mr de Bootman spent his life farming at Pentney, near Swaffham, before retiring and buying Church Farm in Thursford with his wife Janet.

The charity is also working in partnership with Macmillan Cancer Support on an expansion of Cromer & District Hospital to set up the North Norfolk Macmillan Cancer Support Centre.

**Jenny Lind Children's Hospital**
At the beginning of 2019, the Jenny Lind Children's Hospital began a year of events with to celebrate of the 165$^{th}$ anniversary of the Jenny Lind Children's Hospital His Excellency Mr Torbjörn Sohlström, Sweden's Ambassador to the UK, visited the Jenny Lind Children's Hospital in April 2019. He met staff and patients, touring the Neonatal Intensive Care Unit, Children's Assessment Unit, Buxton Ward and the Paediatric Emergency Department.

The event acknowledged the history of the hospital which admitted its first inpatients way back on April 3, 1854 thanks to the generosity and goodwill of the Swedish opera singer, Jenny Lind. It was the second such hospital to open in the UK, with Great Ormond Street Hospital for Children having opened only two years earlier.

**Covid-19**
The local community has shown huge support for the NHS during the Covid-19 pandemic. The charity has been pivotal in accepting and sourcing donations such as food, flowers and toiletries and channelling them to frontline staff. The pandemic has been an opportunity to strengthen links with local people and organisations for the future.

The N&N Hospitals Charity supports the Trust, its staff and its patients by providing equipment, funding research, supporting staff training and improving and enhancing the patient experience.

**Anti-bribery legislation**
In order to ensure the NHS (including our Trust) provides a transparent view of how taxpayers' money is spent, new guidance has come into force which outlines key areas of potential conflict and guides staff on how to manage them

From 1st June 2017, Managing Conflicts of Interest in the NHS came into effect, introducing consistent principles and rules for managing actual and potential conflicts of interest, providing simple advice to staff and organisations about what to do in common situations and supporting good judgement about how interests should be approached and managed

The guidance is supported by an updated Trust policy: Conflicts of Interest and Business Conduct Policy and area on the staff intranet which was accompanied by a communications campaign with staff.

## Environment and sustainability

A Sustainable Development Management Plan (SDMP) is a mechanism for organisations to take a coordinated, strategic and action-orientated approach to sustainability and social value.

SDMPs form a key part of sustainable healthcare delivery to ensure services remain fit for purpose today and for the future. The Trust's SDMP outlines the organisation's aims, objectives, plans and priorities for reducing our carbon emissions and improving our local and global environmental and socio-economic impacts. It sets out how the organisation will drive improvements in the best interests of the public's health. This includes contribution to improving local air quality and adapting services to accommodate climate change. For example, helping target action for minimizing air pollution from health related transport, travel and logistics.

**Our Vision for sustainable development**
To work within available environmental and social resources to protect and improve health and to safeguard precious resources for future generations. In promoting sustainability we will strive to reduce carbon emissions and to minimise waste and pollution, and we will make optimal use of scarce resources to promote resilience and reduce the impact of our activities on the environment.

**Our Target**
We initially selected 2007 as our carbon footprint baseline as this is the earliest date for which a complete data set is available. During this baseline year our core footprint (energy and travel but excluding procurement) was 23,294tco2e (tonnes of carbon dioxide equivalent).

To ensure increased activity is factored in we then looked at three indicators when comparing years. Firstly total internal floor area; this has increased by 2.06% from 125,865m² in 2006/07 to 128,456m² in 2018/19.

Secondly staffing numbers, this has increased by 66.34% from an average whole time equivalent of 4,730 in 2006/07 to 7,868 in 2018/19 and thirdly patient activity which has increased by 77.28% from 626,358 in 2006/07 to 1,110,453 in 2018/19 (includes inpatient, outpatient, day case and emergency activity) . Increased activity has contributed to an increase in energy use, waste produced and business travel/commuting.

Taking additional energy usage, waste and business travel/commuting brought about by an increase in activity into account our 2007 core footprint baseline increases from 23,294tco2e to 30,546tco2e.

In line with the Long Term Plan set out by the NHS England and Public Health England funded Sustainable Development Unit (SDU) we have set a carbon reduction target of 51% against the 2007 baseline by 2025.

Our Sustainable Development Management Plan (SDMP) will address our commitment to minimising the impact of our activities on the environment by:

- •Complying with all relevant legislation
- •Including climate change in the trust's Risk Register and Board Assurance Framework
- •Confirming the designated Board lead for sustainability as the Director of Strategy
- •Developing and implement reduction plans to address the major components of carbon emissions (as set out in the framework of the NHS Carbon Reduction Strategy for England)
- •Working in partnership with identified stakeholders, such as Octagon, Serco, Norse and our Norwich Research Park (NRP) and Sustainability and Transformation Partnership (STP) partners
- •Pursuing a communications initiative to engage all our staff, visitors and patients in sustainability
- Reviewing progress using the Sustainable Development Assessment Tool (SDAT)
- •Establishing a Sustainable Development Committee to oversee the implementation of this agenda

**Approval of the Performance Report**

I confirm my approval of the Performance Report:

**Sam Higginson**
**Chief Executive**

**Date: 27 May 2020**

# Accountability Report

# Directors' Report

The Board of Directors has overall responsibility for the operational management of the Trust and is charged by statute with ultimate responsibility for the Trust's corporate affairs in both strategic and operational terms. It is responsible for the design and implementation of agreed priorities, objectives and the overall strategy of the Trust.

The composition of the Board of Directors is specified in our Constitution to have a majority of independent Non-Executive Director members. During the year, the Trust's Constitution was amended to increase the number of Non-Executive Directors by one and the Board now comprises six Executive Directors and eight independent Non-Executive Directors (including the Chairman).

In accordance with the Trust's Constitution, the Non-Executive Directors are appointed by the Council of Governors, typically for a three-year term of office and they usually serve two such three-year terms unless otherwise determined by the Council of Governors. One of the Non-Executive Directors is nominated by the University of East Anglia.

The Foundation Trust Code of Governance recommends that NHS Foundation Trusts should identify one of its Non-Executive Directors as Senior Independent Director (SID). The Board has identified Mr Tim How as Senior Independent Director.

The Board meets in public every other month and otherwise as required and in accordance with Standing Orders. The Board Agendas are formulated to ensure that time is devoted to strategic, operational and financial matters and there is a strong focus on the quality and safety of clinical services for patients. The Board has approved a Scheme of Delegation of authority and a Schedule of Matters Reserved for decision by the Board. The Trust's Constitution sets out a process for resolution of any conflict between the Board and Council of Governors in the unlikely event that the Chairman cannot achieve such resolution.

## Who is on the Board of Directors?

### Executive Directors

**Chief Executive**

Sam Higginson was appointed as Chief Executive of the Trust from October 2019. Sam joined NNUH from Cambridge University Hospitals NHS Foundation Trust where he was Chief Operating Officer. Previously Sam was Director of Strategic Finance for NHS England and Director of Strategic Development at University College London Hospitals NHS Foundation Trust. Sam started his career working with Unicef as a logistics officer co-ordinating the airlift of emergency supplies in Sudan, followed by organising medical teams for a charity in areas of Africa and Afghanistan. He joined NHS London in 2008 after four years on the HM Treasury Health Spending Team. Sam leads the executive team responsible for the overall leadership of our hospitals.

**Chief Operating Officer**
Chris Cobb was appointed as Acting Chief Operating Officer in January 2019 and as Chief Operating Officer (COO) in April 2019. Prior to becoming COO, Chris was Divisional Operations Director for the Division of Medicine. As COO, Chris is responsible for the operational performance of the Trust and chairs our Divisional Performance Committee. .

**Medical Director**
As Medical Director, Professor Erika Denton is responsible for providing professional strategic medical advice to the Board and leadership on clinical quality and safety and clinical research. Erika has been a consultant radiologist at the Trust since 1999. Erika was appointed to the role of Associate Medical Director at NNUH in 2016 and Medical Director in July 2018. Erika chairs our Clinical Safety and Effectiveness Governance Sub-board, Mental Health Board and Research Oversight Board.

**Chief Nurse**
Professor Nancy Fontaine was appointed as Chief Nurse in August 2018 and is responsible for professional leadership of nurses, midwives, AHPs, Pharmacists and Bio-Scientists across the Trust. As Director for Infection Prevention and Control and Executive lead for Quality, Safety, Patient Experience and Engagement, the Chief Nurse is responsible for providing professional clinical advice to the Board and for leading non-medical research and education. Nancy chairs our Patient Experience and Engagement Governance Sub-board and our Emergency and Urgent Care Board.

**Chief Finance Officer**
John Hennessey was appointed to the Board as our Chief Finance Officer in August 2018, having been interim CFO since February 2018, and served as CFO throughout 2019/20. John is an experienced Finance Director with many years of experience in the NHS. The CFO is responsible for overseeing the financial systems and financial governance of the Trust and John chaired our Procurement Board and Financial Improvement and Productivity Board. John retired from the Trust at the end of 2019/20 and was replaced by Mr Roy Clarke.

**Chief People Officer**
Paul Jones was appointed as Chief People Officer in August 2019. Previously Paul has most recently served as the Chief Human Resources Officer, helping open a new state of the art teaching hospital for Women and Children in the Middle East. He has more than twenty years' experience as a Human Resources Director, working for hospitals including Oxford University Hospitals NHS Foundation Trust, Kings College Hospital NHS Foundation Trust, Royal Berkshire NHS Foundation Trust and the Cambridge and Peterborough NHS Foundation Trust.

## Non-Executive Directors

**Chairman**
David White was appointed as Chairman in June 2019. David joined NNUH from East Suffolk and North Essex NHS Foundation Trust – where he worked as Chairman from 2015. David began his career as a social worker in London before becoming a Director of Social Services then moving to East Anglia as Chief Executive of Suffolk Health Authority in 1994. He went on to spend four years as Chief Executive of Thurrock Council before joining Norfolk County Council, where he held the role of Chief Executive from 2006 until his retirement in April 2013. David has lived in Norfolk with his family since 2010.

David is Chairman of both the Board of Directors and of the Council of Governors and of the Board's Nominations and Remuneration Committee and Council's Appointments & Remuneration Committee.

**Tim How** was appointed Non-Executive Director in August 2013 and reappointed in April 2016 and for a further year in 2019. Tim is Chairman of Roys (Wroxham) Ltd and previously non-executive director of Dixons Carphone plc and Henderson Group plc. Tim chairs the Finance, Investments & Performance Committee and Charitable Funds Committee and is a member of the People & Culture Committee, and Nominations & Remuneration Committee. Tim is also the Senior Independent Director for the Trust.

**Dr Geraldine O'Sullivan** was appointed as a Non-Executive Director from 1 November 2016 and was reappointed from November 2019. Geraldine is a Consultant Psychiatrist, who was previously the Executive Director of Quality and Medical Leadership, and before that Co-Medical Director, of Hertfordshire Partnership University NHS Foundation Trust. Geraldine is a Member and Fellow of the Royal College of Psychiatrists. Geraldine is Chair of the Quality and Safety Committee, and is a member of the Audit Committee and Nominations & Remuneration Committee.

**Professor David Richardson** is Vice Chancellor of the University of East Anglia. David was appointed as Non-Executive Director from September 2014, reappointed by the Council of Governors in September 2017 and again in April 2020. David is a Microbiologist with particular research interests in the biochemistry of environmentally and medically important bacteria. David is a Board member of the Anglia Innovation Partners LLP and Health Education East of England. David is Chair of our People & Culture Committee and a member of the Nominations & Remuneration Committee.

**Julian Foster** was appointed as Non-Executive Director in June 2019. Julian is a chartered accountant and corporate treasurer. He was Executive Finance Director of Broadland Housing Association and has held senior finance director roles in growing housing association groups in the Eastern region over the last 20 years. After graduating from Trinity College, Oxford, Julian worked in investment banking until moving to the social housing sector. Julian is Chair of the Trust's Audit Committee and is a member of the Finance, Investments & Performance Committee, Charitable Funds Committee and Nominations & Remuneration Committee.

**Dr Pamela Chrispin** was appointed as Non-Executive Director in January 2020. Pam has worked in the NHS for more than 30 years and was previously Medical Director of the East of England Ambulance Service, Medical Director at West Suffolk Hospital and is currently Deputy Medical Director at East Anglian Air Ambulance. Pam is a member of the Trust's Quality & Safety Committee, Finance, Investments & Performance Committee and Nominations & Remuneration Committee.

**Sandra Dinneen** was appointed as Non-Executive Director in January 2020. Sandra was Chief Executive at South Norfolk Council, Head of Economic Development at Norfolk County Council and is currently a board member for Historic England. Sandra is a member of the Trust's Finance, Investments & Performance Committee, Audit Committee, People & Culture Committee and Nominations & Remuneration Committee.

**Joanna Hannam** was appointed as Non-Executive Director in January 2020. Joanna has lived in Norfolk with her family for 30 years, was Head of Customer Services and Communications at Norfolk County Council, Executive Director of the Health Improvement Programme at Norfolk Health Authority and was a lay member at Norwich Clinical Commissioning Group. Joanna is a member of the Trust's Quality & Safety Committee,

People & Culture Committee, Charitable Funds Committee and Nominations & Remuneration Committee.

**Changes during the Year**
In addition to those noted above, there were a number of changes to the membership of the Board during the year:

- John Fry stood down as Chairman in May 2019.
- Jeremy Over stood down as Director of Workforce in May 2019.
- Mark Davies stood down as Chief Executive in September 2019.
- Angela Robson stood down as Non-Executive Director in September 2019.
- Mark Jeffries stood down as Non-Executive Director in January 2020
- John Hennessey stood down as Chief Finance Officer in March 2020.

**Division of responsibilities**
There is a clear division of responsibilities between the Chairman and Chief Executive. The Chairman is responsible for:

- providing leadership to the Board of Directors and the Trust;
- facilitating the contribution of the Non-Executive Directors to the success of the Trust in the delivery of high-quality healthcare;
- ensuring effective communication with the Council of Governors;
- the annual evaluation of the performance of the Board and its committees and implementing any action required following such evaluation.

The Chief Executive is responsible for:

- working with the Chairman to ensure the development of strategy that is supported by the Board as a whole;
- overseeing operational implementation of the strategic objectives of the Trust;
- creating a framework of values and objectives to ensure the delivery of key targets, and allocating decision-making responsibilities accordingly;
- ensuring effective communication with employees and taking a leading role, with the Chairman, in building relationships with key external partners and agencies.

**Independence of Non-Executive Directors**
The Non-Executive Directors bring wide and varied experience to the Board. They also play a crucial role via the assurance committees of the Board.

There is full disclosure of all Directors' interests in the Register of Directors' Interests. The Register is held by the Board Secretary and is publicly available on our website (www.nnuh.nhs.uk).

Any actual or potential conflicts of interest are dealt with in accordance with procedures set out in the Standing Orders for the Board of Directors. The Chairman has not declared any significant commitments that are considered material to his capacity to carry out his role. The Board considers that the Chairman and the Non-Executive Directors satisfy the independence criteria set out in the Foundation Trust Code of Governance.

As required by the Code of Governance, the Board has considered Professor Richardson's role on the Board, given that the University of East Anglia has a material business relationship with the Trust. The Board has considered whether this could affect, or appear to affect, Professor Richardson's independence as a Non-Executive Director.

The Board noted that Professor Richardson's role as the University Vice Chancellor does not require a direct operational relationship with the Trust and, when this is viewed in conjunction with the safeguards against conflicts of interests as set out in the Board's Standing Orders, the Board considers that Professor Richardson satisfies the criteria for 'independence'.

In accordance with Regulations overseen by the Care Quality Commission, Foundation Trusts are required to ensure that all directors meet the requirements of the 'fit and proper persons test'. Annual checks are conducted against national registers and through a process of annual declarations. The Board can accordingly confirm that all its director level appointments meet the 'fit and proper persons test'.

## The Board's Committees

The Board makes a distinction between management responsibility (led by the Chief Executive) and independent assurance responsibility (led by the Non-Executive Directors).

In accordance with our Organisational Governance Framework, there are six committees of the Board – Audit, Quality and Safety, Finance, Investments and Performance, People and Culture, Nominations and Remuneration and Charitable Funds. Terms of Reference allocate specific responsibilities between the committees.

**Audit Committee:**

In accordance with the NHS Foundation Trust Code of Governance, the Audit Committee membership consists only of Non-Executive Directors. The Committee is chaired by Julian Foster with Geraldine O'Sullivan and Sandra Dinneen also as members. The external and internal auditors are normally in attendance at Committee meetings and directors and senior managers also attend as required. The Chair of the Audit Committee meets regularly and separately with the External Auditor and the Head of Internal Audit.

The Committee continuously reviews the structure and effectiveness of our internal controls and risk management arrangements. It oversees an agreed programme of external and internal audit and monitors progress to ensure that any remedial action is taken by management in any areas of identified weakness.

The Trust's external auditors, KPMG LLP, were appointed by the Council of Governors in 2016 following a formal tender process and in accordance with recommendation from the Audit Committee. The fees for the external audit are set out in note 6 of the financial statements.

**Auditor Independence and Non-Audit Services**

The Audit Committee reviews and monitors the external auditor's independence and objectivity and considerations of avoiding conflicts of interests formed a specific consideration taken into account in appointing the external auditors. The Trust has a policy by which any non-audit services provided by the external auditor are approved. During 2019/20 KPMG LLP have not been commissioned to provide any services to the Trust in addition to undertaking the external audit of financial statements and assurance work on the Quality Report.

KPMG LLP is also the external auditor of Norfolk and Norwich Hospitals Charity of which the NNUH Foundation Trust is the Corporate Trustee. The fees in respect of this engagement in 2019/20 are set out in note 6 of the financial statements.

The Chair of the Audit Committee confirms the independence of the external auditors to the Council of Governors at its meeting where the Annual Report and Accounts s presented and also reports any exceptional issues to the Governors during the course of the year should this be necessary.

## Statement on disclosure of information to auditors

The Executive and Non-Executive Directors who held office at the date of the approval of the Directors' report confirm that, so far as they are aware, there is no relevant audit information of which KPMG LLP (the Trust's external auditor) is not aware. They also confirm that they each have taken all reasonable steps in order to make themselves aware of any relevant audit information and to establish that KPMG LLP knows about that information.

## Code of Governance and associated disclosures

The NHS Foundation Trust Code of Governance is based on the principles of the UK Corporate Governance Code and has been in place in its revised form since 2014. The Code requires certain disclosures to be made by Foundation Trusts and information is included in this section to demonstrate compliance with the Code and its disclosure requirements.

***i) Directors:***

- A section of the Annual Report above reports specifically on the Board of Directors, its role and composition. It confirms that the Board considers all of the current Non-executive Directors (NEDs), including the Chairman, to be independent and explains that, through a formal process, the composition of the Board was revised during 2019/20 to increase the number of independent Non-Executive Directors, thereby strengthening the independent majority on the Board.
- All appointments to the Board have been the result of open competition. The Directors Report also details the experience of members of the Board and includes information about the standing Committees of the Board, the membership of those Committees, and attendance at meetings.
- An NHS foundation trust's board of directors is responsible for all aspects of the operation and performance of the trust, and for its effective governance. This includes setting the corporate strategy and organisational culture. All the powers of the Foundation Trust can be exercised by the Board of Directors and the Board has a formal schedule of matters specifically reserved for its decision. Other matters are delegated to the Executive Directors and other senior management.
- The Board of Directors is collectively responsible for taking actions which legally bind the Trust. All members of the board of directors have collective responsibility as a unitary board for every decision of the board. The Board of Directors meets regularly and held eleven formal meetings in 2019/20.
- The Chairman of the Trust is Chairman of the Board of Directors and Council of Governors and leads both groups on strategy and monitoring. As detailed above, there is a clear distinction between the roles the Chairman and the Chief Executive.
- Independent professional advice is available as required to the Board or its standing committees and the Trust is a member of the national NHS risk-pooling schemes which provide cover in respect of legal proceedings and other claims against its Directors.

- Meetings of the Board of Directors are routinely open to the public. Governors are encouraged to attend public Board meetings and arrangements are in place for governors to report to the Council of Governors on Board meetings they have attended. In line with national guidance on social distancing during the Covid19 pandemic we have needed to restrict physical access to meetings. To ensure as much openness and transparency as possible however facilities to attend meetings by video/teleconference have been made available and the papers from meetings of the Board are made available via the Trust's website.
- In order to facilitate governor oversight of the role of the Non-Executive Directors, during 2019/20 the Board and Council established a structure whereby designated link-governor observers attend meetings of Board committees. This practice has been in place since February 2019 and involves reporting back to the Council.

ii) ***Governors***:

- The general duties of the Council of Governors are to hold the Non-executive Directors individually and collectively to account for the performance of the Board of Directors; and to represent the interests of the Trust's members as a whole and the interests of the public.
- The Council of Governors meets formally four times a year. Details of the composition of the Council of Governors and attendance at meetings are contained within the Council of Governors section of the Annual Report.
- Meetings of the Council of Governors are routinely open to the public. In line with national guidance on social distancing during the Covid 19 pandemic we have needed to restrict physical access to meetings. To ensure as much openness and transparency as possible however facilities to attend meetings by teleconference have been made available and the papers from meetings of the Council are made available via the Trust's website.

***iii) Board Independence:***

- As detailed above, the Board considers that all the Non-executive Directors who have served during the year are independent according to the principles of the Code. This includes Professor Richardson who, as Vice-Chancellor of University of East Anglia, is appointed to the Board to reflect the Trust's status as a University Hospital Trust hosting the Norwich Medical School
- Independence is kept under review and is based on whether each Director is independent in character, judgement and behaviour. Also considered are factors such as participation and performance on both the Board and Board Committees. Non-executive Directors
- Non-Executive Directors (NEDS), including the Chairman, are not NHS employees and do not contribute to the NHS pension scheme in their NED role. Non-executive Directors have confirmed their willingness to provide the necessary time for their duties.
- Appointment of the NEDS is made by the Council of Governors in accordance with standard terms and conditions.
- In addition to the process for maintaining the Register of Interests (detailed below) every meeting of the Board and Board Committees starts with an item for Declaration of Interests relating to any item scheduled for discussion or consideration at the meeting;
- The Chairman holds meetings with the Non-executive Directors without the Executive

Directors being present. The Senior Independent Director (SID) also holds meetings with the other Non-executive Directors without the Chairman being present.

***iv) Policy for Raising Matters of Concern***

Arrangements have been put in place by which the Trust's employees may in confidence raise matters of concern. These arrangements are covered in the Trust's Freedom to Speak-Up Policy commonly known as a "Whistle-blowing Policy" and the Trust has appointed a full-time Freedom to Speak-Up Guardian.

***v) Board performance***

The Board of Directors oversees performance through receipt and scrutiny of a monthly Integrated Performance Report (IPR). The IPR includes standard quality and safety metrics, details of operational performance against relevant national targets and updates on workforce issues and the financial position. The action being taken to reduce identified high level risks is also detailed. The IPR incorporates issues and areas of note/concern highlighted by the Management Board and governance sub-boards.

The meetings of the Board of Directors are managed to ensure that actions are followed up and the Board's reporting requirements are adhered to.

During the course of the year, the Board reviewed its capacity, and that of the management team, to address the current and future challenges facing the Trust, notably the ongoing work to strengthen clinical governance and risk management processes and to promote quality improvement, which resulted in the CQC recommendation that the Trust should be released from Quality Special Measures.

During the course of 2019/20 the Board undertook a formal review of the Trust's Organisational Framework for Governance, including the processes and reporting lines of its Assurance Committees. Following this review the Board implemented a series of actions to enhance Board and management processes and performance, the implementation of which were reported to the Council of Governors in February 2020. Following its Governance Review and the actions outlined above, the Board confirms the following in relation to its roles, structure and capacity:

- the Board maintains its Register of Interests which is publicly available on the Trust's website. Mr Jeffries declared his role as Non-Executive Director with R G Carter (Holdings) Ltd and accordingly took no part in decision of matters that related to the relationship between this party and the Trust. Otherwise the Board can confirm that there are no material conflicts of interest in the Board;

- the Board is satisfied that its Directors are appropriately qualified to discharge their functions;

- the Board is satisfied as to its own balance, completeness and appropriateness to the requirements of the Foundation Trust;

- the Board's Committee and governance structure is appropriate and its progress and efficacy is regularly reviewed;

- the Board considers that it has an appropriate balance of expertise and experience and it has access to specialist advice, as required;

- the Chair of the Audit Committee is a Non-Executive Director with recent and relevant financial experience.

The process for appraisal of Board members is that performance evaluation of the executive directors is undertaken by the non-executive directors and Chief Executive. The appraisal of NEDs is carried out by the Trust Chairman for report to the Appointments and Remuneration Committee of the Council of Governors. The appraisal of the Chairman is co-ordinated by the Senior Independent Director with input from governors and directors.

In June 2017 NHS Improvement issued guidance for *Developmental reviews of leadership and governance using the well-led framework: NHS Trusts and Foundation Trusts.* In this revised guidance NHSI *"strongly encouraged all providers to carry out externally facilitated, developmental reviews of their leadership and governance using the well-led framework every three to five years".* The Board commissioned such an independent review from PWC during 2017/18 (report October 2017) and a further review by PWC of Board Capacity, Capability and Effectiveness (report November 2018). External assessment of the Trust against the Well-led Framework during 2019/20 was conducted by the CQC (report April 2020) resulting in a rating in the Well-Led Domain of 'requires improvement'.

***vi) Compliance Statement***

The Trust has applied the principles of the NHS Foundation Trust Code of Governance on a 'comply or explain' basis. The Board of Directors considers that it complies with the main and supporting principles of the Code of Governance. During 2019/20 the Trust undertook a review of its Organisational Framework for Governance, consulting with the Management Board and Council of Governors, and the updated Framework was approved by the Audit Committee and Trust Board. In relation to the more detailed provisions of the Code of Governance, the Trust is compliant with the provisions, with the following exceptions:

**A1.1** The Schedule of Matters Reserved for Decision of the Board is an appendix to the Board's Terms of Reference. It does not include a statement with regard to the roles and responsibilities of the council of governors or resolution of any potential conflict between the Council and Board. These matters are addressed elsewhere in the Trust's governance documents – specifically the Terms of Reference for the Council of Governors, Standing Orders and the Trust's Constitution as approved by Monitor/NHSI when authorising the Foundation Trust.

**A.5.12** The Trust issues on its website copies of papers for meetings of the Board of Directors, including agendas and minutes. Papers for meetings of the Board that are held in private for reasons of personal confidentiality, commercial confidence or other reason are not circulated.

**D.2.3** Recommendations made to the Council of Governors on remuneration levels of the Chairman and other Non-executive Directors have been based on annual benchmarking information obtained from NHS Providers and other national surveys. The Council of Governors accordingly does not consult external professional advisers to market test at least once every three years. See the Remuneration Report for more detail. From November 2019 new guidance ("*A remuneration structure for NHS provider chairs and non-executive directors") has been in place and applied by the Council* https://improvement.nhs.uk/resources/remuneration-structure-nhs-provider-chairs-and-non-executive-directors/

The following provisions require a supporting explanation, even in the case that the Trust is compliant with the provision. Where the information is already contained within the Annual Report, a reference to its location is provided to avoid additional unnecessary duplication.

**Table of supporting explanation for required disclosures:**

| ***Code of Governance*** **reference** | **Summary of requirement** | **Disclosure** |
|---|---|---|
| A.1.1 | There should be a schedule of matters specifically reserved for its decision. The schedule of matters reserved for the board of directors should include a clear statement detailing the roles and responsibilities of the council of governors. This statement should also describe how any disagreements between the council of governors and the board of directors will be resolved.<br><br>The annual report should include this schedule of matters or a summary statement of how the board of directors and the council of governors operate, including a summary of the types of decisions to be taken by each of the boards and which are delegated to the executive management of the board of directors. | A formal and Board-approved Schedule of Matters Reserved is in place.<br><br>See Board of Directors and Council of Governors sections for details on respective roles and decisions.<br><br>Detail of the Council's role and mechanism for resolving any potential conflict between Board and Council is detailed in the Council terms of Reference, Standing Orders and the Trust's Constitution. |
| A.1.2 | The annual report should identify the chairperson, the deputy chairperson (where there is one), the chief executive, the senior independent director (see A.4.1) and the chairperson and members of the nominations, audit and remuneration committees. It should also set out the number of meetings of the board and those committees and individual attendance by directors. | See Directors' Report. |
| A.5.3 | The annual report should identify the members of the council of governors, including a description of the constituency or organisation that they represent, whether they were elected or appointed, and the duration of their appointments. The annual report should also identify the nominated lead governor. | See Council of Governors section. |
| Additional requirement of FT ARM | The annual report should include a statement about the number of meetings of the council of governors and individual attendance by governors and directors. | See Council of Governors section. |

| *Code of Governance* reference | Summary of requirement | Disclosure |
|---|---|---|
| B.1.1 | The board of directors should identify in the annual report each non-executive director it considers to be independent, with reasons where necessary. | See Directors Report |
| B.1.4 | The board of directors should include in its annual report a description of each director's skills, expertise and experience. | See Board of Directors section. |
| | Alongside this, in the annual report, the board should make a clear statement about its own balance, completeness and appropriateness to the requirements of the NHS foundation trust. | See Board of Directors section. |
| Additional requirement of FT ARM | The annual report should include a brief description of the length of appointments of the non-executive directors, and how they may be terminated. | See Board of Directors section |
| B.2.10 | A separate section of the annual report should describe the work of the nominations committee(s), including the process it has used in relation to board appointments. | See section relating to Nominations & Remuneration Committee. |
| Additional requirement of FT ARM | The disclosure in the annual report on the work of the nominations committee should include an explanation if neither an external search consultancy nor open advertising has been used in the appointment of a chair or non-executive director. | Open advertisement for Chairman and Non-Executive Directors. |
| B.3.1 | A chairperson's other significant commitments should be disclosed to the council of governors before appointment and included in the annual report. Changes to such commitments should be reported to the council of governors as they arise, and included in the next annual report. | See section relating to Independence of Non-Executive Directors |
| B.5.6 | Governors should canvass the opinion of the Trust's members and the public, and for appointed governors the body they represent, on the NHS foundation trust's forward plan, including its objectives, priorities and strategy, and their views should be communicated to the board of directors. | See Council of Governors and Foundation Trust Membership sections |
| Additional requirement of FT ARM | If, during the financial year, the Governors have exercised their power under paragraph 10C of schedule 7 of the NHS Act 2006, then information on this must be included in the annual report.<br>* Power to require one or more of the directors to attend a governors' meeting for the purpose of obtaining information about the foundation trust's performance of its functions or the directors' performance of their duties (and deciding whether to propose a vote on the foundation trust's or directors' performance). | N/A<br>Governors have not exercised this power. |
| B.6.1 | The board of directors should state in the annual report how performance evaluation of the board, its committees, and its directors, including the chairperson, has been conducted. | See section on Board Performance. |

| *Code of Governance* reference | Summary of requirement | Disclosure |
|---|---|---|
| B.6.2 | Where there has been external evaluation of the board, the external facilitator should be identified in the annual report and a statement made as to whether they have any other connection to the trust. | N/A<br>External review conducted in 2018/19. |
| C.1.1 | The directors should explain in the annual report their responsibility for preparing the annual report and accounts, and state that they consider the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for patients, regulators and other stakeholders to assess the NHS foundation trust's performance, business model and strategy. Directors should also explain their approach to quality governance in the Annual Governance Statement (within the annual report). | See Director's Report and Annual Governance Statement. |
| C.2.1 | The annual report should contain a statement that the board has conducted a review of the effectiveness of its system of internal controls. | See Audit Committee section and Annual Governance Statement. |
| C.2.2 | A trust should disclose in the annual report:<br>(a) if it has an internal audit function, how the function is structured and what role it performs; or<br>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes. | See Audit Committee section and Annual Governance Statement |
| C.3.5 | If the council of governors does not accept the audit committee's recommendation on the appointment, reappointment or removal of an external auditor, the board of directors should include in the annual report a statement from the audit committee explaining the recommendation and should set out reasons why the council of governors has taken a different position. | N/A<br>Council of Governors appointed new External Auditor from 2016/17 audit as recommended |
| C.3.9 | A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The report should include:<br>• the significant issues that the committee considered in relation to financial statements, operations and compliance, and how these issues were addressed;<br>• an explanation of how it has assessed the effectiveness of the external audit process and the approach taken to the appointment or re-appointment of the external auditor, the value of external audit services and information on the length of tenure of the current audit firm and when a tender was last conducted; and<br>• if the external auditor provides non-audit services, the value of the non-audit services provided and an explanation of how auditor objectivity and | See Audit Committee Section |

| *Code of Governance* reference | Summary of requirement | Disclosure |
|---|---|---|
| | independence are safeguarded. | |
| D.1.3 | Where an NHS foundation trust releases an executive director, for example to serve as a non-executive director elsewhere, the remuneration disclosures of the annual report should include a statement of whether or not the director will retain such earnings. | N/A<br>No Director was released in 2019/20. |
| E.1.5 | The board of directors should state in the annual report the steps they have taken to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of governors and members about the NHS foundation trust, for example through attendance at meetings of the council of governors, direct face-to-face contact, surveys of members' opinions and consultations. | See Council of Governors section. |
| E.1.6 | The board of directors should monitor how representative the NHS foundation trust's membership is and the level and effectiveness of member engagement and report on this in the annual report. | See Foundation Trust Membership section. |
| E.1.4 | Contact procedures for members who wish to communicate with governors and/or directors should be made clearly available to members on the NHS foundation trust's website and in the annual report. | See Foundation Trust Membership section. |
| Additional requirement of FT ARM | The annual report should include:<br>• a brief description of the eligibility requirements for joining different membership constituencies, including the boundaries for public membership;<br>• information on the number of members and the number of members in each constituency; and<br>• a summary of the membership strategy, an assessment of the membership and a description of any steps taken during the year to ensure a representative membership [see also E.1.6 above], including progress towards any recruitment targets for members. | See Foundation Trust Membership section. |
| Additional requirement of FT ARM | The annual report should disclose details of company directorships or other material interests in companies held by governors and/or directors where those companies or related parties are likely to do business, or are possibly seeking to do business, with the NHS foundation trust.<br><br>As each NHS foundation trust must have registers of governors' and directors' interests which are available to the public, an alternative disclosure is for the annual report to simply state how members of the public can gain access to the registers instead of listing all the interests in the annual report.' | Registers of Interest declared by Directors and Governors are maintained in accordance with a Standard Operating Procedure approved by the Audit Committee and are publicly available on the Trust's website. |

**Main Activities of the Audit Committee during the Year Ended 31 March 2020**
The Audit Committee met on 4 occasions during the year ended 31 March 2020. The focus of the Committee was on:

- governance, risk management and internal control;
- internal audit;
- external audit;
- other assurance functions;
- financial reporting.

During the course of the year the Audit Committee received audit reports from the internal auditors, RSM, in accordance with an agreed Audit Plan and including regular reports on follow-up of recommendations from previous audits. The Audit Plan for 2019/20 included audits relating to Contract Management, Recruitment, Internal Promotions, Budgetary Control, Data Security, Safeguarding Children, Procurement, Payroll and Premium Pay.

The Committee received regular reports from the Local Counter Fraud Service including reviews with regard to processes in place to identify and manage risks associated with fraud. The Committee has also reviewed plans for strengthening systems for risk management in the Trust.

The Financial Accounts of the Trust for 2018/19 were reviewed by the Auditors and presented to the Committee in May 2019. In accordance with the established annual cycle, financial performance for 2019/20 is subject to external audit review during April and May 2020, for review of the Accounts by the Committee in May 2020.

**Nominations and Remuneration Committee:**
The Board Nominations and Remuneration Committee has a membership consisting of Non-Executive Directors and the Chief Executive. It is Chaired by David White. The other members of the Committee are Tim How, Geraldine O'Sullivan, Julian Foster, Pam Chrispin, Joanna Hannam, Sandra Dinneen, David Richardson and Sam Higginson. The Secretary to the Committee is the Board Secretary.

The Committee has duties and responsibilities that are detailed in agreed Terms of Reference, reflecting the provisions of the FT Code of Governance. It meets as required and no less than twice a year. During 2019/20 the Committee has met on 4 occasions. In accordance with its Terms of Reference, the Committee has reviewed the size, structure and composition of the Board of Directors and made recommendations to the Council of Governors with regard to the recruitment of Non-Executive Directors, including an increase in the number of NEDS by one during 2019/20.

In the case of Executive Director vacancies, the Committee is responsible for identifying suitable candidates to fill vacancies as they arise. During the period of this report the Committee oversaw the process for recruitment of Mr Sam Higginson as Chief Executive, Mr Paul Jones as Chief People Officer and Mr Roy Clarke as Chief Finance Officer. In each case these appointments were achieved with the assistance of recruitment agents, following a national recruitment search and following an open and competitive recruitment process.

The Committee considers levels of remuneration for executive directors and other senior posts that come within the Committee's remit, by reference to other organisations and NHS Foundation Trusts in particular.

During 2019/20, following consideration of national benchmarking data and national NHS pay-awards, the Committee reviewed and approved revision to remuneration for the executive directors, as reported in the Remuneration Report.

In the case of Non-Executive Director vacancies, the Committee is responsible for advising the Council of Governors on the relevant qualities and attributes required to supplement those already on the Board. The Committee has reviewed the schedule of Non-Executive terms of office and has made appropriate recommendation to the Governors accordingly, in relation to relevant appointment decisions during 2019/20 and those vacancies that are expected to arise during 2020/21.

**Quality and Safety Committee:**
The Quality and Safety Committee of the Board was established in 2015 to provide additional capacity for Non-Executive led scrutiny and assurance to the Board concerning quality and safety matters. The Committee has a membership of 6 Board members, including three Non-Executive Directors, Chief Executive, Chief Nurse and Medical Director. The Committee met on 8 occasions during 2019/20.

Matters considered by the Committee during 2019/20 have included the operation of the Trust's clinical governance systems and processes, including our procedures for learning from incidents and driving a continuing reduction in mortality rates.

A significant area of focus of the Committee has also been on quality and safety related issues arising from operational pressure, particularly in our Emergency Department and at times of very high patient demand. The Committee has also scrutinised quality and safety related risks identified through our risk management process and Board Assurance Framework, notably those relating to ageing equipment in the context of very limited financial capital.

The Committee has also received regular updates concerning the Clinical Quality Impact Assessment (QIA) process which is used in the Trust to protect quality and safety whilst making financial savings and productivity improvements.

The Committee has discussed arrangements for enhancing the feedback from patients and families in the continuous improvement in the Trust's services. The Committee has also received reports regarding the response of the Trust to recommendations and feedback from the CQC and preparation for the CQC inspection which resulted in the recommendation that the Trust be released from Quality Special Measures.

A feature of the work of the Committee has been that it routinely begins each meeting with a visit to a clinical area relevant to the items for consideration at that meeting. This provides an opportunity to for additional scrutiny and to meet with staff. It provides Committee members with an additional source of assurance by direct observation, to triangulate with other information. During 2019/20 such visits have included:

- NICU and DPU (April 2019)
- Cromer & District Hospital (June 2019)
- Acute Medical Unit (July 2019)
- Emergency Department (October 2019)
- Day Procedure Unit (November 2019)
- Buxton Ward and Gissing Ward (January 2020)
- Delivery Suite and Maternity Department (February 2020)

**Finance, Investments and Performance Committee:**
The Finance, Investments and Performance Committee of the Board was established in October to provide additional capacity for Non-Executive led scrutiny and assurance to the Board concerning the Trust's financial position, capital schemes and delivery of contractual standards. The Committee has a membership including three Non-Executive Directors, Chief Executive, Chief Operating Officer, Chief Finance Officer, Chief People Officer and Director of Strategy.

Matters considered by the Committee during 2019/20 have included review of the Trust's financial plans for the forthcoming year, productivity and efficiency initiatives and planned capital investments. The Committee provided scrutiny to our financial planning and governance processes during the year, including development of cost improvement projects.

2019/20 was another extremely challenging year for the Trust from an operational and financial perspective. The Committee oversaw the process of preparing a re-forecast for the full year to reflect, not least, the financial impact of very high levels of emergency patient demand, which has disrupted the Trust's elective surgical programme.

The Committee has also provided scrutiny on behalf of the Board in relation to the development of a number of capital schemes aimed at improving our facilities for patients, including a new Interventional Radiology Unit, a new Unit for Positron Emission Tomography CT (PET-CT) scanning, the new N&N Kidney Centre and an additional ward block to add capacity to the NNUH.

**People and Culture Committee**
The People and Culture Committee of the Board was established in October 2018 to provide assurance to the Board that the Trust has appropriate and effective strategies and plans in place relating to workforce, education, organisational development and culture. The Membership of the Committee includes four Non–Executive Directors, Chief Executive, Chief People Officer, Chief Operating Officer, Chief Nurse, Medical Director and the Chiefs of Division.

Matters considered by the People and Culture Committee during 2019/20 have included the Workforce & Education Strategy, Corporate Risk Register, relevant extracts of the Board Assurance Framework, Staff Survey Results, cultural improvement and Equality, Diversity & Inclusion.

**Attendance at meetings of the Board of Directors**
The Board meets in public bi-monthly and otherwise as required and in accordance with Standing Orders. During this year the Board of Directors met on 11 occasions. Attendance at meetings of the Board and its Committees was as shown below:

| | 26 April 2019 | 29 May 2019 | 31 May 2019 | 28 June 2019 | 26 July 2019 | 27 Sept 2019 | 25 Oct 2019 | 29 Nov 2019 | 20 Dec 2019 | 5 Feb 2020 | 4 March 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Mr John Fry[1] | ✓ | ✓ | ✓ | | | | | | | | |
| Mr David White[2] | | | | X | ✓ | ✓ | ✓ | ✓ | X | ✓ | ✓ |
| Dr Pamela Chrispin[3] | | | | | | | | | | X | ✓ |
| Mr Chris Cobb | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr Mark Davies[4] | ✓ | ✓ | ✓ | ✓ | X | ✓ | | | | | |
| Prof Erika Denton | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | X |
| Ms Sandra Dinneen[5] | | | | | | | | | | ✓ | ✓ |
| Prof Nancy Fontaine | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | X | ✓ | ✓ | ✓ |
| Mr Julian Foster[6] | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mrs Joanna Hannam[7] | | | | | | | | | | ✓ | ✓ |
| Mr John Hennessey | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr Sam Higginson[8] | | | | | | | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr Tim How | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | X |
| Mr Mark Jeffries[9] | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | |
| Mr Paul Jones[10] | | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

| | 26 April 2019 | 29 May 2019 | 31 May 2019 | 28 June 2019 | 26 July 2019 | 27 Sept 2019 | 25 Oct 2019 | 29 Nov 2019 | 20 Dec 2019 | 5 Feb 2020 | 4 March 2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Dr Geraldine O'Sullivan | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | X | ✓ |
| Mr Jeremy Over[11] | ✓ | ✓ | ✓ | | | | | | | | |
| Prof David Richardson | ✓ | X | ✓ | ✓ | X | X | ✓ | X | ✓ | ✓ | X |
| Mrs Angela Robson[12] | ✓ | ✓ | ✓ | ✓ | X | ✓ | | | | | |

[1] Mr Fry stood down as Chairman in May 2019.
[2] Mr White was appointed as Chairman in June 2019.
[3] Dr Chrispin was appointed as Non-Executive Director in January 2020.
[4] Mr Davies stood down as Chief Executive in September 2019.
[5] Ms Dinneen was appointed as Non-Executive Director in January 2020.
[6] Mr Foster was appointed as Non-Executive Director in June 2019.
[7] Mrs Hannam was appointed as Non-Executive Director in January 2020.
[8] Mr Higginson was appointed as Chief Executive in October 2019.
[9] Mr Jeffries stood down as Non-Executive Director in December 2019.
[10] Mr Jones was appointed as Chief People Officer in September 2019.
[11] Mr Over stood down as Director of Workforce in May 2019.
[12] Mrs Robson stood down as Non-Executive Director in September 2019.

**Attendance at meetings of the Audit Committee**

The Audit Committee meets quarterly and met on 4 occasions during the year.

| | 29 May 2019 | 11 September 2019 | 11 December 2019 | 25 March 2020 |
|---|---|---|---|---|
| Mrs Angela Robson (Chair of Committee)[1] | ✓ | ✓ | | |
| Mr Mark Jeffries (Non-Executive Director)[2] | ✓ | ✓ | ✓ | |
| Dr Geraldine O'Sullivan (Non-Executive Director) | ✓ | ✓ | ✓ | ✓ |
| Mr Julian Foster (Chair from 1 October 2019)[3] | | ✓ | ✓ | ✓ |
| Ms Sandra Dinneen[4] | | | | ✓ |

[1] Mrs Robson stood down as Chair of the Committee in September 2019.
[2] Mr Jeffries stood down from the Committee in December 2019.
[3] Mr Foster was appointed as Chair of the Committee in October 2019.
[4] Ms Dinneen joined the Committee in January 2020.

**Nominations & Remuneration Committee**
The Nominations and Remuneration Committee meets routinely twice a year and otherwise as required. The Committee met on 4 occasions during the year.

| | 28 June 2019 | 26 July 2019 | 27 September 2019 | 29 November 2019 |
|---|---|---|---|---|
| Mr David White (Chairman and Chair of Committee) | X | ✓ | ✓ | ✓ |
| Mr Mark Davies (Chief Executive)[1] | ✓ | X | ✓ | |
| Mr Julian Foster (Non-Executive Director) | ✓ | ✓ | ✓ | ✓ |
| Mr Samuel Higginson (Chief Executive)[2] | | | | ✓ |
| Mr Tim How (Non-Executive Director) | ✓ | ✓ | ✓ | ✓ |
| Mr Mark Jeffries (Non-Executive Director) | ✓ | ✓ | ✓ | ✓ |
| Dr Geraldine O'Sullivan (Non-Executive Director) | ✓ | ✓ | ✓ | ✓ |
| Mrs Angela Robson (Non-Executive Director)[3] | ✓ | X | ✓ | |

[1] Mr Davies stood down from the Committee in September 2019.
[2] Mr Higginson joined the Committee in October 2019.
[3] Mrs Robson stood down from the Committee in September 2019.

**Quality and Safety Committee – meeting and attendance**
The Quality and Safety Committee met on 8 occasions during 2019/20.

| | 4 April 2019 | 6 Jun 2019 | 25 Jul 2019 | 16 Oct 2019 | 27 Nov 2019 | 28 Jan 2020 | 18 Feb 2020 | 24 Mar 2020 |
|---|---|---|---|---|---|---|---|---|
| Dr Geraldine O'Sullivan (Chair of Committee and Non-Executive Director) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr Mark Jeffries (Non-Executive Director)[1] | **X** | ✓ | ✓ | ✓ | ✓ | | | |
| Mr Mark Davies (Chief Executive)[2] | ✓ | ✓ | ✓ | | | | | |
| Prof Nancy Fontaine (Chief Nurse) | ✓ | ✓ | ✓ | ✓ | **X** | ✓ | **X** | ✓ |
| Prof Erika Denton (Medical Director) | **X** | ✓ | ✓ | **X** | **X** | ✓ | ✓ | **X** |
| Dr Pamela Chrispin (Non-Executive Director)[3] | | | | | | ✓ | **X** | ✓ |
| Mrs Joanna Hannam (Non-Executive Director)[4] | | | | | | ✓ | ✓ | **X** |
| Mr Sam Higginson (Chief Executive)[5] | | | | | ✓ | ✓ | ✓ | ✓ |

[1] Mr Jeffries stood down as a member of the Committee in December 2019.
[2] Mr Davies stood down as a member of the Committee in September 2019.
[3] Dr Chrispin joined as a member of the Committee in January 2020.
[4] Mrs Hannam joined as a member of the Committee in January 2020.
[5] Mr Higginson joined as a member of the Committee in October 2019.

**Finance, Investments and Performance Committee – meeting and attendance**
The Finance, Investments and Performance Committee met on 10 occasions during the year as follows:

| | 21 May 2019 | 17 July 2019 | 16 September 2019 | 21 October 2019 | 18 November 2019 | 12 December 2019 | 20 January 2020 | 29 January 2020 | 26 February 2020 | 25 March 2020 |
|---|---|---|---|---|---|---|---|---|---|---|
| Mr Tim How (Chair of Committee and Non-Executive Director) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr Mark Davies (Chief Executive)[1] | ✓ | ✓ | X | | | | | | | |
| Mr John Fry (Chairman)[2] | ✓ | | | | | | | | | |
| Mr John Hennessey (Chief Finance Officer) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr Sam Higginson (Chief Executive)[3] | | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Professor David Richardson (Non-Executive Director)[4] | X | ✓ | X | X | X | X | | | | |
| Mr Chris Cobb (Chief Operating Officer) | ✓ | ✓ | ✓ | X | ✓ | ✓ | ✓ | ✓ | ✓ | X |
| Mr Jeremy Over (Director of Workforce)[5] | X | | | | | | | | | |
| Mr Simon Hackwell (Director of Strategy) | ✓ | X | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | X |
| Mr Julian Foster (Non-Executive Director)[6] | | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Mr Paul Jones (Chief People Officer)[7] | | | ✓ | ✓ | ✓ | X | X | ✓ | ✓ | X |
| Ms Sandra Dinneen (Non-Executive Director)[8] | | | | | | | ✓ | ✓ | ✓ | ✓ |
| Dr Pamela Chrispin (Non-Executive Director)[9] | | | | | | | X | ✓ | X | ✓ |

[1] Mr Davies stood down from the Committee in September 2019.
[2] Mr Fry stood down from the Committee in May 2019.
[3] Mr Higginson joined the Committee in October 2019.
[4] Professor Richardson stood down from the Committee in December 2019.
[5] Mr Over stood down from the Committee in May 2019.
[6] Mr Foster joined the Committee in September 2019.
[7] Mr Jones joined the Committee in September 2019.
[8] Ms Dinneen joined the Committee in January 2020.
[9] Dr Chrispin joined the Committee in January 2020.

**People and Culture Committee – meeting and attendance**
The People and Culture Committee met 4 times during 2019/20. Attendance was as follows:

| Board members | 14 May 2019 | 17 September 2019 | 29 January 2020 | 27 March 2020 |
|---|---|---|---|---|
| Prof David Richardson (Chair and Non-Executive Director) | ✓ | ✓ | ✓ | X |
| Chris Cobb (Chief Operating Officer) | X | X | X | X |
| Mark Davies (Chief Executive) (up to 30.09.19) [1] | X | X | | |
| Prof Erika Denton (Medical Director) | X | ✓ | X | X |
| Sandra Dinneen (Non-Executive Director)[2] | | | ✓ | ✓ |
| Prof Nancy Fontaine (Chief Nurse) | X | ✓ | X | X |
| Joanna Hannam (Non-Executive Director)[3] | | | ✓ | ✓ |
| Sam Higginson (Chief Executive) (from 21.10.19)[4] | | | X | ✓ |
| Tim How (Non-Executive Director) | ✓ | ✓ | ✓ | ✓ |
| Paul Jones (Chief People Officer) (from 10.06.19)[5] | | ✓ | ✓ | ✓ |
| Jeremy Over (Director of Workforce) (up to 31.05.19)[6] | ✓ | | | |
| **Divisional members** | | | | |
| Frances Bolger (CoD - Women and Children) (to October '19)[7] | X | X | | |
| Dr Richard Goodwin (CoD - Clinical Support Services) | ✓ | ✓ | X | X |
| Dr Tim Gilbert (CoD – Medicine and Emergency Services) | ✓ | X | X | X |
| Dr Caroline Kavanagh (AMD - Emergency and Urgent Care)[8] | | | | X |
| Dr Tim Leary (CoD - Surgery) | ✓ | X | X | X |
| Jo Nieto (CoD - Women and Children) (from Nov '19)[9] | | | X | X |

[1] Mr Davies stood down from the Committee in September 2019.
[2] Ms Dinneen joined the Committee in January 2020.
[3] Mrs Hannam joined the Committee in January 2020.
[4] Mr Higginson joined the Committee in October 2019.
[5] Mr Jones joined the Committee in June 2019.
[6] Mr Over stood down from the Committee in May 2019.
[7] Ms Bolger stood down from the Committee in October 2019.
[8] Dr Kavanagh joined the Committee in March 2020.
[9] Mr Nieto joined the Committee in November 2019.

**Board performance**

The Board of Directors oversees performance through receipt and scrutiny of a monthly Integrated Performance Report (IPR). The IPR includes standard quality and safety metrics, details of operational performance against relevant national targets and updates on workforce issues and the financial position. The action being taken to reduce identified high level risks is also detailed. The IPR incorporates issues and areas of note/concern highlighted by the Management Board and governance sub-boards.

The meetings of the Board of Directors are managed to ensure that actions are followed up and the Board's reporting requirements are adhered to.

During the course of the year, the Board reviewed its capacity, and that of the management team, to address the current and future challenges facing the Trust, notably the ongoing work to strengthen clinical governance and risk management processes and to promote quality improvement, which resulted in the CQC recommendation that the Trust should be released from Quality Special Measures.

During the course of 2019/20 the Board undertook a formal review of the Trust's Organisational Framework for Governance, including the processes and reporting lines of its Assurance Committees. Following this review the Board implemented a series of actions to enhance Board and management processes and performance, the implementation of which were reported to the Council of Governors in February 2020. Following its Governance Review and the actions outlined above, the Board confirms the following in relation to its roles, structure and capacity:

- the Board maintains its Register of Interests which is publicly available on the Trust's website. Mr Jeffries declared his role as Non-Executive Director with R G Carter (Holdings) Ltd and accordingly took no part in decision of matters that related to the relationship between this party and the Trust. Otherwise the Board can confirm that there are no material conflicts of interest in the Board;

- the Board is satisfied that its Directors are appropriately qualified to discharge their functions;

- the Board is satisfied as to its own balance, completeness and appropriateness to the requirements of the Foundation Trust;

- the Board's Committee and governance structure is appropriate and its progress and efficacy is regularly reviewed;

- the Board considers that it has an appropriate balance of expertise and experience and it has access to specialist advice, as required.

During the year, performance evaluation of the executive directors has been undertaken by the non-executive directors and Chief Executive. The Chair of the Audit Committee is a Non-Executive Director with recent and relevant financial experience.

# How we are improving care for our patients

**NNUH wins new cervical screening contract**

All cervical smears from across the East of England will be tested at NNUH after the Trust was named as a successful bidder for a new HPV primary screening contract.

The cytopathology department at the Trust has been named by NHS England as the preferred bidder for delivering the NHS cervical screening programme in the region.

The NNUH has been carrying out HPV testing since 2001 and has a proud record of meeting the 14 day turnaround target for cervical smear testing for the last ten years.

The lab, at the Cotman Centre, is one of the largest cytology departments in the country providing cervical screening for the whole of Norfolk, Waveney and Peterborough.

The new contract is due to begin in the summer and the department will be increasing staffing and putting in place the infrastructure to handle smear tests from across six counties.

## Council of Governors

The Council of Governors is chaired by David White who, as Chairman of the Trust, acts as a link between the Council and Board of Directors. Directors regularly attend meetings of the Council of Governors and feedback from the Council is a standing agenda item on meetings of the Board of Directors so that the Board is informed of the views of our Members as represented by the Governors.

The Council of Governors is responsible for representing the interests of Foundation Trust members and partner organisations in the governance of the Trust. The Council receives regular reports from the Chief Executive and other Board members on relevant operational and strategic matters. The Council of Governors has a number of specified statutory responsibilities which it has satisfied during the course of the year. In particular the Council has:

- received the Trust's Annual Report and Accounts;
- expressed views for consideration by the Directors in preparing the Trust's strategic plans;
- approve changes to the Trust's constitution to increase the number of Non-Executive Directors;
- re-appointed Dr Geraldine O'Sullivan and extended the appointment of Mark Jeffries
- appointed Julian Foster, Dr Pamela Crispin, Sandra Dinneen OBE and Joanna Hannam as Non-Executive Directors;
- appointed David White as Chairman;
- approved the appointment of Sam Higginson as Chief Executive.

The term of office for Governors is three years and the appointment of both staff and public Governors is by election by the members. Elections are held on an annual basis to fill any vacancies on the Council. These elections are administered on our behalf by an independent organisation (Mi-Voice) and in accordance with the election rules set out in our Constitution. We promote elections through mailings to members, media coverage and through the Trust's social media channels. The Trust receives a good level of interest from the local community and staff in filling these vacancies and they are usually contested. As at March 2020 the Governors were:

**Public Governors**

| | |
|---|---|
| • Erica Betts | Breckland |
| • Jane Bevington | Norwich |
| • Peter Bush | Norwich |
| • Diane DeBell | Norwich |
| • Nina Duddleston | Breckland |
| • Carol Edwards | North Norfolk |
| • Ines Grote | Great Yarmouth and Waveney |
| • Jackie Hammond | Broadland |
| • Peter Harrison | South Norfolk |
| • Mary Pandya | Rest of England |
| • **John Rees** | **Broadland** |
| • **Matthew Roe** | **North Norfolk** |
| • Jane Scarfe | South Norfolk |
| • **Joy Stanley** | **Breckland** |
| • **Penny Sutton** | **King's Lynn and West Norfolk** |
| • **Joanna Tuttle** | **Broadland** |

**Staff Governors**

- Rob Boyce — Clinical Support
- Katie Cullum — Nursing and Midwifery
- Terry Davies — Contractors and Volunteers
- Sheila Ginty — Nursing and Midwifery
- John Nolan — Medical and Dental
- Annie Cook — Admin and Clerical

**Partner Governors**

- Tracy Williams — Norwich Clinical Commissioning Group
- Shelagh Gurney — Norfolk County Council
- Mark Hitchcock — University of East Anglia

**Changes during the year:**

The following Governors left the Council of Governors in 2019/20:

- **Nick Brighouse — South Norfolk**
- **Sue Burt — Nursing and Midwifery**
- **Anoop Dhesi — CCG partners**
- **Sarah Ellis — Norwich**
- **Trevor Plunkett — Broadland**

A copy of the Register of Interests declared by the Governors can be found on our website at www.nnuh.nhs.uk.

**Performance of the Council of Governors and its Committee**
During the year, the Governors have been regularly briefed on a wide range of matters affecting the Trust including:

- the development of our strategic plans, including the Digital Health Strategy and the Quality Improvement Strategy;
- our performance against national standards;
- the construction of the new ward block and the Interventional Radiology expansion
- the Staff Survey and Action Plan;
- preparations for the CQC inspection.

The Governors are involved in a number of groups contributing to the Trust's work in areas, such as our work to support carers. They have also been active and valued members of teams conducting quality assurance audits on the hospital wards.

**Attendance at formal meetings of the Council of Governors**

The Council of Governors held four scheduled formal meetings in 2019/20. Attendance at Council meetings was as set out below:

| | 24 April 2019 | 24 July 2019 | 23 October 2019 | 13 February 2020 |
|---|---|---|---|---|
| Mrs Erica Betts | ✓ | ✓ | ✓ | ✓ |
| Mrs Jane Bevington | | | | X |
| Mr Rob Boyce | ✓ | ✓ | ✓ | ✓ |
| Mr Nick Brighouse | ✓ | ✓ | | |
| Ms Sue Burt | ✓ | ✓ | ✓ | |
| Mr Peter Bush | | | | ✓ |
| Ms Annie Cook | | ✓ | ✓ | ✓ |
| Mrs Katie Cullum | | | | ✓ |
| Mr Terry Davies | ✓ | ✓ | ✓ | X |
| Prof Diane DeBell | ✓ | ✓ | ✓ | ✓ |
| Dr Anoop Dhesi | X | | | |
| Mrs Nina Duddleston | X | ✓ | ✓ | ✓ |
| Mrs Carol Edwards | ✓ | ✓ | ✓ | X |
| Ms Sarah Ellis | ✓ | ✓ | ✓ | |
| Miss Sheila Ginty | ✓ | ✓ | ✓ | ✓ |
| Mrs Ines Grote | ✓ | ✓ | ✓ | ✓ |
| Cllr Shelagh Gurney | X | ✓ | ✓ | X |
| Mrs Jackie Hammond | ✓ | ✓ | ✓ | ✓ |
| Dr Peter Harrison | | | | ✓ |
| Mr Mark Hitchcock | | | | ✓ |
| Mr John Nolan | ✓ | X | ✓ | X |
| Mrs Mary Pandya | X | X | ✓ | ✓ |
| Mr Trevor Plunkett | ✓ | | | |
| Dr John Rees | ✓ | ✓ | ✓ | ✓ |
| Mr Matthew Roe | ✓ | X | ✓ | ✓ |
| Ms Jane Scarfe | ✓ | ✓ | ✓ | ✓ |
| Mrs Joy Stanley | ✓ | ✓ | ✓ | ✓ |
| Miss Penny Sutton | ✓ | ✓ | ✓ | ✓ |

| | | | | |
|---|---|---|---|---|
| Mrs Joanna Tuttle | | | | ✓ |
| Ms Tracy Williams | | ✓ | ✓ | ✓ |

**Lead Governor**
In accordance with the Foundation Trust Code of Governance, the Council of Governors has nominated one of its members to act as Lead Governor with particular responsibility for providing a channel of communication between the Council and NHSI in appropriate circumstances. Public Governor Jane Scarfe was appointed as Lead Governor in October 2018 with Terry Davies, Staff Governor, as Deputy Lead Governor.

**Appointments and Remuneration Committee of the Council of Governors**
In accordance with Statute, the Council has an Appointments and Remuneration Committee. Membership of the Committee consists of the Chairman of the Trust and Governors who have been elected to this role by the Council.

The work of the Committee is supported by the Board Secretary. As at April 2020, Membership of the Committee is:

- Mr David White (Chair)
- Mr Terry Davies (Staff Governor)
- Mrs Carol Edwards (Public Governor)
- Mrs Erica Betts (Public Governor)
- Mrs Jane Scarfe (Public Governor)

The Committee is responsible for making recommendations to the Council of Governors with respect to the appointment or reappointment of Non-Executive Directors. This year the Committee recommended the reappointment of Dr Geraldine O'Sullivan and extended the appointment of Mark Jeffries. The Committee has also undertaken work in preparation for additional Non-Executive Director appointments to the Board membership during 2019/20.

The Committee is also responsible for overseeing the remuneration of our non-executive directors and making any recommendations for change to the Council. In 2019/20 the Committee reviewed the remuneration of the non-executive directors, in light of national guidance issued in September 2019, and have made no recommendation for change.

**Governor expenses**

The Governor role is unpaid. When the Council of Governors was established it was agreed that governors were entitled to claim travel expenses for attending meetings. In 2019/20 there were 16 governors and seven governors claimed £1356.02 (in 2018/19 there were 15 public governors and four governors claimed £693).

**Our Membership**
We have three membership constituencies: Public, Staff and Partners:

- The Public Constituency - consists of people over the age of 16 and it includes patients and their carers, as well as the general public. Most are resident within the Local Authority catchment areas of Norfolk and Waveney, although our constituency of 'Rest of England' caters for those living outside this area and reflects the broader catchment area of the Trust's specialist services and the wider range of people with an interest in the Trust;

- The Staff Constituency – includes employees who have worked for the Trust for at least 12 months. This constituency also includes our volunteers and employees of contractors who work with us, as specified in our Constitution;

- Our Partners are represented by Governors drawn from the Clinical Commissioning Groups, local government and our partner University (the University of East Anglia).

The membership has grown since we achieved Foundation Trust status and an annual recruitment campaign maintains the public membership above the 15,000 target minimum set by the Council of Governors. By the end of March 2020 we had 17,225 Public Members.

We have a Membership Strategy for which the objectives in 2019/20 were to:

- continue the communication and involvement programme with members;
- hold elections in the following constituencies: Broadland, Norwich, South Norfolk and the Rest of England, plus Nursing & Midwifery and Volunteers & Contractors in terms of staff governors:
- develop strong and representative public membership reflecting the diversity of the population.

| | Membership 2007/08 | Membership 2019/20 |
|---|---|---|
| Staff | 5,000 | 8,857 |
| Public | 5,000 | 17,225 |
| Total | 10,000 | 26,082 |

**Communicating and involving our members**
We have a programme of internal communication and engagement with staff members which includes a weekly electronic newsletter, staff intranet, in-house magazine (The Pulse), focus groups, surveys and meetings. More detail is given in the Staff Matters section of this annual report.

Public members receive our quarterly magazine, The Pulse. This publication is used to publicise events throughout the year, such as lectures, the Annual General Meeting and participation in the Patient Choice Staff Award. During the year members have been invited to a number of events which have provided opportunities for Governors to meet and talk to members about their experience and to canvas their views and opinions. Members are also asked to respond to periodic surveys about the services of the Trust.

Governors receive a number of briefings throughout the year, in addition to a regular programme of Q&A sessions with the Chairman, Chief Executive and other directors. These meetings are in addition to the formal meetings and provide opportunity for more detailed discussion about the Trust's services and plans.

A number of governors are involved with activities, such as ward/clinic inspections, judging the Trust's staff awards and recruiting new members. New governors are given an induction session and tour of the facilities when they start.

The following is a summary of the events which have involved members and governors:

- Five governors have helped with judging the staff awards.
- A celebration event was held for the 165th anniversary of the Jenny Lind Children's Hospital on 3 April 2019.
- A series of talks on dementia took place during the Dementia Information and Advice Fayre on 13 May 2019.
- Governors visited the Discharge Suite on 3 June 2019.
- The N&N fete took place on 8 June 2019.
- A talk for members on planning your long term care and finances took place on 12 September 2019.
- The AGM took place on 23 September 2019.
- The Christmas Faye took place on 7 December 2019.
- An induction event took place for new governors on 21 January 2020.
- A series of talks and an exhibition of our work were held for World Cancer Day on 4 February 2020.

Members can contact the Membership Office by telephone on 01603 287634 or through the website or by e-mail at membership@nnuh.nhs.uk

## Statements

**Principle for cost allocation**
The Trust is compliant with the cost allocation and charging guidance issued by HM Treasury.

**Political and charitable donations**
No political or charitable donations have been made by the Trust in 2019/20 financial year or previous year.

**Income disclosures required by Section 43(2A) of the NHS Act 2006**
During 2019/20 income from the provision of goods and services for the purposes of the health service in England was greater than the income from the provision of goods and services for any other purposes. Accordingly the requirement of the Act has been met. Health service income amounted to £668.2m of the total income of £670.5m (2018/19 £597.8m of the total income of £599.5m).

**Significant events since the Statement of Financial Position date**
On 2 April in relation to the Covid-19 pandemic, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £195.1m as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

**Statement from Directors**
The Directors consider the annual report and accounts taken as a whole, is fair, balanced and understandable and provides the information necessary for stakeholders to assess the NHS Foundation Trust's performance, business model and strategy.

**Accounts and Statement of the responsibility of the Accounting Officer**
The accounts for the year ended 31/03/2020 can be found at the back of this annual report. The statement of the responsibility of the accounting officer is on page 95.

**Related party transactions**
During the year none of the Board members, Governors or members of the key management staff or parties related to then has undertaken any material transactions with the NHS Foundation trusts. Further details on related parties can be found in note 29 to the accounts.

**Better payment practice Code**
The Better Payment Practice Code requires the Trust to aim to pay all undisputed invoices by the due date or within 30 days of receipt of goods or a valid invoice, whichever is later.

**Better Payment Practice Code - measure of compliance**

| | Year ended 31 March 2020 | | Year ended 31 March 2019 | |
|---|---|---|---|---|
| | **Number** | **£'000** | **Number** | **£'000** |
| Total Non-NHS trade invoices paid in the year | 156,436 | 325,811 | 154,153 | 275,398 |
| Total Non-NHS trade invoices paid within target | 104,851 | 252,084 | 123,166 | 237,653 |
| Percentage of Non-NHS trade invoices paid within target | 67% | 77% | 80% | 86% |
| Total NHS trade invoices paid in the year | 3,449 | 48,177 | 3,149 | 37,300 |
| Total NHS trade invoices paid within target | 1,886 | 18,585 | 2,041 | 17,875 |
| Percentage of NHS trade invoices paid within target | 55% | 39% | 65% | 48% |

**Interest paid under the Late Payment of Commercial Debts (Interest) Act 1998**
Disclosures relating to any interest paid can be found in note 11.2 to the accounts.

## Annual Report on remuneration

Major decisions on senior managers' remuneration

Remuneration for the Trust's most senior managers (Executive Directors who are members of the Board of Directors) is determined by the Board of Director's Nominations and Remuneration Committee. The Nominations and Remuneration Committee determined that no amendments to incumbent executives' pay should be made in 2019/20, other than an increase of 1.7% backdated to 1 April 2019, to apply to those directors substantively in post at 1 April 2019. , matching the increase applied to non-medical contracts across the NHS.

The only non-cash element of senior managers' remuneration packages are pension related benefits accrued under the NHS Pensions Scheme. Contributions are made by both the employer and employee in accordance with the rules of the national scheme which applies to all NHS staff in the scheme.

The Trust's strategy and business planning process sets key business objectives which in turn inform individual objectives for senior managers. Performance is closely monitored and discussed through both an annual and ongoing appraisal process.

Senior managers are employed on contracts of service and are substantive employees of the Trust. Their contracts are open ended employment contracts which can be terminated by either party with six months' notice. The Trust's normal disciplinary policies apply to senior managers, including the sanction of instant dismissal for gross misconduct. The Trust's redundancy policy is consistent with NHS redundancy terms for all staff.

Any substantial changes relating to senior managers remuneration made during the year

No substantial changes to senior managers' remuneration were made during 2019/20, other than the uplift outlined above.

Signed by Chair of Remuneration Committee on 27 May 2020 Chairman – David White

Senior Managers' remuneration policy

Future Policy

The table below summarises each of the components of the remuneration package for senior managers which comprise the senior managers' remuneration policy.

| **Remuneration component** | **Applicable to** | **Jurisdiction** | **Relevance to Trust's long and short term objectives** | **Amount payable** |
|---|---|---|---|---|
| Basic salary | All senior managers | Nominations and Remuneration Committee | Recommendations in respect of basic salary are made to the Nominations and Remuneration Committee by the Chief Executive (for executive directors) and the Chairman (for the Chief Executive) on the basis of assessment of performance at annual appraisal, and specifically achievement of agreed personal objectives that reflect the long and short term objectives of the Trust | Any increases are agreed with reference to external benchmarks and advice as required |
| Pension | All senior managers | Terms of membership as specified by the NHS Pension Scheme administered by the NHS Pensions Agency | N/A | Determined by the NHS Pensions Agency |
| Clinical Excellence Award Scheme | Medical Director only | Determined by Local Awards Committee in accordance with medical and dental employment contract; not awarded by Nominations and Remuneration Committee | Awards are determined by the Local Awards Committee in accordance with an agreed scheme that recognises clinical excellence across 5 domains. Analysis of the scheme demonstrates a linkage to the Trust's strategic objectives including the leadership and delivery of clinical services, teaching, training and research. | Level 9 award is the maximum that can be awarded locally. |

Accompanying notes:

(1) There have been no additions or changes to the components of the remuneration package during 2019/20
(2) There are no significant differences between the remuneration policy for senior managers and the general policy for employees' remuneration
(3) The remuneration policy does not include provision for performance-related bonuses or other such schemes

## Annual Report on remuneration

### Service Contracts

The table below summarises, for each senior manager (Directors who are members of the Board of Directors) who has served during the year, the date of their service contract, the unexpired term and details of the notice period.

| Name & Title | Date of Commencement | End Date | Unexpired Term | Notice Period |
|---|---|---|---|---|
| **Executive Directors:** | | | | |
| S Higginson, Chief Executive (Appointed 21 October 2019) | 21/10/2019 | 23/10/2020 | 7 Months | 6 Months |
| CM Cobb, Chief Operating Officer* | 17/04/2019 | Ongoing | n/a | 6 Months |
| ERE Denton, Medical Director | 01/07/2018 | Ongoing | n/a | 6 Months |
| NVC Fontaine, Chief Nurse | 01/08/2018 | Ongoing | n/a | 6 Months |
| PD Jones, Chief People Officer (Appointed 10 June 2019)** | 10/06/2019 | Ongoing | n/a | 6 Months |
| JJ Hennessey, Chief Finance Officer (until 31st March 2020)*** | 26/02/2018 | 31/03/2020 | n/a | 6 Months |
| PM Davies, Chief Executive (Until 30 September 2019) | 14/08/2015 | 30/09/2019 | n/a | 6 Months |
| JM Over, Director of Workforce (Until 31 May 2019) | 13/10/2014 | 31/05/2019 | n/a | 6 Months |
| **Non-Executive Directors** | | | | |
| DR White, Chairman (Appointed 10 June 2019) | 10/06/2019 | 31/05/2022 | 26 Months | 3 Months |
| T How, Non-Executive Director | 01/08/2013 | 31/05/2020 | 2 Months | 3 Months |
| GH O'Sullivan, Non-Executive Director | 01/11/2016 | 31/10/2022 | 31 Months | 3 Months |
| D Richardson, Non-Executive Director | 01/09/2014 | 31/08/2021 | 17 Months | 3 Months |
| JA Foster, Non-Executive Director (Appointed 1 June 2019) | 01/06/2019 | 31/05/2022 | 26 Months | 3 Months |
| P Chrispin, Non-Executive Director (Appointed 1 January 2020) | 01/01/2020 | 31/12/2022 | 33 Months | 3 Months |
| S Dinneen, Non-Executive Director (Appointed 1 January 2020) | 01/01/2020 | 31/12/2022 | 33 Months | 3 Months |
| JM Hannam, Non-Executive Director (Appointed 1 January 2020) | 01/01/2020 | 31/12/2022 | 33 Months | 3 Months |
| J Fry, Chairman (Until 31 May 2019) | 13/05/2013 | 31/05/2019 | n/a | 3 Months |
| RM Jeffries, Non-Executive Director (Until 31 January 2020) | 01/11/2015 | 31/01/2020 | n/a | 3 Months |
| A Robson, Non-Executive Director (Until 30 September 2019) | 01/11/2011 | 30/09/2019 | n/a | 3 Months |

*** Chris Cobb was acting Chief Operating Office from 1 January 2019 until 16th April 2019.*
***Paul Jones was Interim Director of Workforce from 10 June 2019 until 31 August 2019*
****Roy Clarke was appointed CFO from 1 April 2020*

The contracts of employment of the Executive Directors are for indefinite terms and are subject to six months' notice by either side. All Executive Directors are subject to periodic appraisal and are accountable to the Board of Directors for performance in those areas to which they provide executive leadership. The terms of appointment of the Non-Executive Directors are typically for 3 year terms and are subject to three months' notice by either side. There are no provisions within the contracts of employment regarding compensation for early termination for any directors.

The Trust's normal disciplinary policies apply to senior managers. The Trust's redundancy policy is consistent with NHS redundancy terms for all staff

Nominations and Remuneration Committee

The Nominations and Remuneration Committee consists of the Chairman of the Trust, at least three other non-executive directors and the Chief Executive. During 2019/20 the membership comprised the Chairman of the Trust, (Chair of the Committee) and all of the other Non-Executive Directors and the Chief Executive

The Committee meets as required, and at least once a year. In accordance with Monitor's Code of Governance for Foundation Trusts, the role and policy of the Committee is to monitor the level and structure of remuneration for senior managers, having considered comparative salary levels in other organisations and NHS Foundation Trusts in particular.

The Committee met four times during 2019/20, on 28 June, 26 July, 27 September & 29 November 2019. The meetings were quorate. The work of the Committee included consideration of NHS pay awards over recent years and 'market rate' comparison informed by data from a survey of foundation trusts nationally, coordinated by the Foundation Trust Network (NHS Providers) of which we are a member.

No significant awards were made to past Directors during the 12 months ended 31 March 2020.

Where an individual's remuneration is above the level of £150,000 per annum pro rata the Remuneration Committee's policy and practice will be in line with the requirements issued by the Cabinet Office.

The remuneration and expenses for the Trust Chairman and Non-Executive Directors are determined by the Council of Governors informed by information issued by organisations such as NHS Providers.

Disclosures required by the Health and Social Care Act

There was a total of 8 Executive Directors in office during the year and 12 Non – Executive Directors, including the Chairman. In aggregate the Directors received reimbursement of expenses of £6,333 with claims from 7 directors. In 2018/19, 16 directors had been in office, being 9 executive directors and 7 non-executive directors. In aggregate they received reimbursement of expenses of £7,229 with claims from 7 directors.

No significant awards were made to past Directors during the 12 months ended 31 March 2020.

The governor role is unpaid. When the Council of Governors was established it was agreed that governors were entitled to claim travel expenses for attending meetings. In 2019/20 there were 16 governors and seven governors claimed £1,356.02 (in 2018/19 there were 15 public governors and four governors claimed £693).

## Remuneration – Audited

| Name and title | | 12 months ended 31st March 2020 | | | | | 12 months ended 31st March 2019 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Salary | All Taxable Benefits | Annual & Long-term Performance Related Bonuses | Pension Related Benefits | Total | Salary | All Taxable Benefits | Annual & Long-term Performance Related Bonuses | Pension Related Benefits | Total |
| | | (bands of £5,000) | Rounded to the nearest £100 | (bands of £5,000) | (bands of £2,500) | (bands of £5,000) | (bands of £5,000) | Rounded to the nearest £100 | (bands of £5,000) | (bands of £2,500) | (bands of £5,000) |
| | | £'000 | £ | £'000 | £'000 | £'000 | £'000 | £ | £'000 | £'000 | £'000 |
| DR White, Chairman (Appointed 10 June 2019) | DR White | 40 - 45 | 100 | 0 | 0 | 40 - 45 | 0 | 0 | 0 | 0 | 0 |
| S Higginson, Chief Executive (Appointed 21 October 2019) | S Higginson | 90 - 95 | 0 | 0 | 107.5 - 110 | 200 - 205 | 0 | 0 | 0 | 0 | 0 |
| CM Cobb, Chief Operating Officer | CM Cobb | 145 - 150 | 0 | 0 | 157.5 - 160 | 305 - 310 | 30 - 35 | 0 | 0 | 45 – 47.5 | 75 – 80 |
| ERE Denton, Medical Director | ERE Denton | 250 - 255 | 100 | 0 | 20 - 22.5 | 270 - 275 | 180 - 185 | 100 | 0 | 55 - 57.5 | 235 – 240 |
| NVC Fontaine, Chief Nurse | NVC Fontaine | 140 - 145 | 0 | 0 | 0 | 140 - 145 | 90 - 95 | 0 | 0 | 152.5 - 155 | 245 – 250 |
| PD Jones, Chief People Officer (Appointed 10 June 2019) | PD Jones | 105 - 110 | 0 | 0 | 17.5 - 20 | 120 - 125 | 0 | 0 | 0 | 0 | 0 |
| JJ Hennessey, Chief Finance Officer | JJ Hennessey | 170 - 175 | 400 | 0 | 0 | 170 - 175 | 125 - 130 | 0 | 0 | 0 | 125 - 130 |
| PM Davies, Chief Executive (Until 30 September 2019) | PM Davies | 115 - 120 | 200 | 0 | 0 | 115 - 120 | 230 - 235 | 400 | 0 | 0 | 230 - 235 |
| JM Over, Director of Workforce (Until 31 May 2019) | JM Over | 20 - 25 | 0 | 0 | 7.5 - 10 | 25 - 30 | 120 - 125 | 0 | 0 | 17.5 - 20 | 140 - 145 |
| T How, Non-Executive Director | T How | 10 - 15 | 0 | 0 | 0 | 10 - 15 | 10 - 15 | 0 | 0 | 0 | 10 - 15 |
| GH O'Sullivan, Non-Executive Director | GH O'Sullivan | 10 - 15 | 0 | 0 | 0 | 10 - 15 | 10 - 15 | 0 | 0 | 0 | 10 - 15 |
| D Richardson, Non-Executive Director | D Richardson | 10 - 15 | 0 | 0 | 0 | 10 - 15 | 10 - 15 | 0 | 0 | 0 | 10 - 15 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **JA Foster, Non-Executive Director (Appointed 1 June 2019)** | JA Foster | 10 - 15 | 0 | 0 | 0 | 10 - 15 | 0 | 0 | 0 | 0 | 0 |
| **P Chrispin, Non-Executive Director (Appointed 1 January 2020)** | P Chrispin | 0 - 5 | 0 | 0 | 0 | 0 - 5 | 0 | 0 | 0 | 0 | 0 |
| **S Dinneen, Non-Executive Director (Appointed 1 January 2020)** | S Dinneen | 0 - 5 | 0 | 0 | 0 | 0 - 5 | 0 | 0 | 0 | 0 | 0 |
| **JM Hannam, Non-Executive Director (Appointed 1 January 2020)** | JM Hannam | 0 - 5 | 0 | 0 | 0 | 0 - 5 | 0 | 0 | 0 | 0 | 0 |
| **J Fry, Chairman (Until 31 May 2019)** | J Fry | 5 - 10 | 0 | 0 | 0 | 5 - 10 | 50 - 55 | 100 | 0 | 0 | 50 - 55 |
| **RM Jeffries, Non-Executive Director (Until 31 January 2020)** | RM Jeffries | 10 - 15 | 0 | 0 | 0 | 10 - 15 | 10 - 15 | 0 | 0 | 0 | 10 - 15 |
| **A Robson, Non-Executive Director (Until 30 September 2019)** | A Robson | 5 - 10 | 0 | 0 | 0 | 5 - 10 | 10 - 15 | 0 | 0 | 0 | 10 - 15 |
| **PG Chapman, Medical Director (Until 30 June 2018)** | PG Chapman | 0 | 0 | 0 | 0 | 0 | 50 - 55 | 0 | 0 | 0 | 50 - 55 |
| **FL Bolger, (Until 31 July 2018)** | FL Bolger | 0 | 0 | 0 | 0 | 0 | 30 - 35 | 0 | 0 | 375 - 377.5 | 410 – 415 |
| **SE Smith, Non-Executive Director (Until 31 December 2018)** | SE Smith | 0 | 0 | 0 | 0 | 0 | 5 - 10 | 0 | 0 | 0 | 5 - 10 |
| **R Parker, Chief Operating Officer (Until 31 December 2018)** | R Parker | 0 | 0 | 0 | 0 | 0 | 110 - 115 | 0 | 0 | 42.5 – 45 | 155 – 160 |

Taxable benefits cover the monetary value of benefits in kind, such as car mileage allowances where subject to income tax.

Pension related benefits have been pro-rated / time apportioned for Directors who were appointed or resigned part way through the year.

The element of remuneration relating to the Medical Director's non-managerial role is in the banding £110,000-115,000 (prior year £195,000-200,000).

The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20, less, the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

This value does not represent an amount that will be received by the individual. It is a calculation that is intended to convey to the reader of the accounts an estimation of the benefit that being a member of the pension scheme could provide.

The pension benefit table provides further information on the pension benefits accruing to the individual.

Fair Pay Multiple

In line with the recommendations of the Hutton Review of Fair Pay, the policy of the Trust is to publish details of the band of the highest paid Director and the relationship between them and the median remuneration of its staff. This comparison involves the people in post at the year end and is based on a full time equivalent basis. The table below discloses this information.

The disclosures in respect of the highest paid director and the information in the following three tables are all subject to audit.

| | **2019 - 20** | **2018 - 19** |
|---|---|---|
| Band of Highest Paid Director's Total Remuneration (£'000) | 250 - 255 | 230 - 235 |
| Midpoint of band | 252,500 | 232,500 |
| Median Total (£) | 28,781 | 28,615 |
| Remuneration Ratio | 8.77 | 8.13 |

The banded remuneration, of the highest paid director in the Trust in the financial year 2019/20 was £250-255k (2018/19: £230k-£235k). This was 8.77 times (2018/19 – 8.13 times) the median remuneration of the workforce which was £28,781 (2018/19 - £28,615). In 2019/20, 0 (2019/19: 0) employees received remuneration in excess of the highest paid director. Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Total Pension Entitlement

| 2019/20<br><br>Name and title | Real increase in pension at age 60 (bands of £2,500)<br>£'000 | Real increase in pension lump sum at age 60 (bands of £2,500)<br>£'000 | Total accrued pension at age 60 at 31 March 2020 (bands of £5,000)<br>£'000 | Lump Sum at age 60 related to accrued pensions at 31 March 2020 (bands of £5,000)<br>£'000 | Cash Equivalent Transfer Value at 1 April 2019<br>£'000 | Real increase in Cash Equivalent Transfer Value<br>£'000 | Cash Equivalent Transfer Value at 31 March 2020<br>£'000 |
|---|---|---|---|---|---|---|---|
| S Higginson, Chief Executive (Appointed 21 October 2019) | 0 - 2.5 | 0 - 0 | 30 - 35 | 0 - 0 | 340 | 33 | 424 |
| CM Cobb, Chief Operating Officer | 7.5 - 10 | 15 - 17.5 | 25 - 30 | 65 - 70 | 421 | 147 | 599 |
| ERE Denton, Medical Director | 0 - 2.5 | -5 - -2.5 | 70 - 75 | 175 - 180 | 1,399 | 34 | 1,481 |
| NVC Fontaine, Chief Nurse | -2.5 - 0 | -10 - -7.5 | 55 - 60 | 130 - 135 | 1,106 | 0 | 1,133 |
| PD Jones, Chief People Officer (Appointed 10 June 2019) | 0 - 2.5 | 0 - 2.5 | 15 - 20 | 45 - 50 | 333 | 5 | 370 |
| PM Davies, Chief Executive (Until 30 September 2019) | -15 - -12.5 | -37.5 - -35 | 65 - 70 | 210 - 215 | 0 | 0 | 0 |
| JM Over, Director of Workforce (Until 31 May 2019) | 0 - 2.5 | -2.5 - 0 | 30 - 35 | 60 - 65 | 450 | 0 | 440 |

As Non-Executive members do not receive pensionable remuneration, there will be no entries in respect of pensions for Non-Executive members

| 2018/19<br>Name and title | Real increase in pension at age 60 (bands of £2,500)<br>£'000 | Real increase in pension lump sum at age 60 (bands of £2,500)<br>£'000 | Total accrued pension at age 60 at 31 March 2019 (bands of £5,000)<br>£'000 | Lump Sum at age 60 related to accrued pensions at 31 March 2019 (bands of £5,000)<br>£'000 | Cash Equivalent Transfer Value at 1 April 2018<br>£'000 | Real increase in Cash Equivalent Transfer Value<br>£'000 | Cash Equivalent Transfer Value at 31 March 2019<br>£'000 |
|---|---|---|---|---|---|---|---|
| PM Davies, Chief Executive | 0 - 2.5 | 2.5 - 5 | 90 - 95 | 270 - 275 | 2,039 | 0 | 0 |
| R Parker, Chief Operating Officer (Until 31 December 2018) | 0 - 2.5 | -2.5 - 0 | 50 - 55 | 130 - 135 | 858 | 0 | 854 |
| JM Over, Director of Workforce | 0 - 2.5 | -2.5 - 0 | 25 - 30 | 60 - 65 | 328 | 112 | 450 |
| PG Chapman, Medical Director (Until 30 June 2018) | -5 - -2.5 | 25 - 27.5 | 45 - 50 | 265 - 270 | 1,456 | 0 | 0 |
| ERE Denton, Medical Director (Appointed 1 July 2018) | 2.5 - 5 | -5 - -2.5 | 65 - 70 | 175 - 180 | 1,165 | 133 | 1,399 |
| NVC Fontaine, Chief Nurse (Appointed 1 August 2018) | 5 - 7.5 | 7.5 - 10 | 55 - 60 | 135 - 140 | 839 | 161 | 1,106 |
| CM Cobb, Acting Chief Operating Officer (Appointed 1 January 2019) | 0 - 2.5 | 0 - 2.5 | 20 - 25 | 50 - 55 | 328 | 21 | 421 |
| FL Bolger, (Until 31 July 2018) | 5 - 7.5 | 15 - 17.5 | 50 - 55 | 150 - 155 | 640 | 145 | 1,094 |

The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accumulated by a member at a particular point in time. The benefits valued are the member's accumulated benefits and any contingent spouse's pension payable from the scheme. CETV's are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Bonus

The Trust is required by NHSI to disclose any payments that fall with the definition of "Performance Related Bonuses", and it has been determined by the Department of Health that Clinical Excellence Awards (CEA) meet this definition. As such they have been disclosed as a "Bonus". Clinical Excellence awards are given to recognise and reward the exceptional contribution of NHS consultants, over and above that normally expected in a job, to the values and goals of the NHS and to patient care. Clinical Excellence Awards are administered at a national level by the Advisory Committee on Clinical Excellence Awards. These payments were previously classified within Other Remuneration.

Signed on behalf of the Board

Chief Executive – Sam Higginson 27 May 2020

# Staff Report

## Introduction

The Norfolk and Norwich University Hospitals NHS Foundation Trust comprises nearly 10,000 staff and volunteers who are at the heart of what we do. It is because of each and every member of our team that we are able to turn our vision into reality, seeking every day to "provide every patient with the care we want for those we love the most". We are on a journey to outstanding and we want to ensure our staff feel valued and appreciated, such that they feel proud to work here and act as ambassadors for our hospital.

**Analysis of average staff numbers**

The information below shows the average staff numbers within the Trust from April 2019 to March 2020.

| Average number of employees (WTE basis) | 2019/20 | 2019/20 | 2019/20 | 2018/19 | 2018/19 | 2018/2019 |
|---|---|---|---|---|---|---|
| | Total | Permanently Employed | Other | Total | Permanently Employed | Other |
| **Medical and dental** | 1,275 | 691 | 584 | 1,131 | 605 | 526 |
| **Ambulance staff** | - | - | - | - | - | - |
| **Administration and estates** | 1,344 | 1,264 | 70 | 1,305 | 1,205 | 100 |
| **Healthcare assistants and other support staff** | 2,348 | 1,956 | 392 | 2,087 | 1,703 | 384 |
| **Nursing, midwifery and health visiting staff** | 2,395 | 2,163 | 232 | 2,406 | 2,189 | 217 |
| **Nursing, midwifery and health visiting learners** | 2 | 2 | 0 | 7 | 7 | 0 |
| **Scientific, therapeutic and technical staff** | 670 | 637 | 33 | 662 | 610 | 52 |
| **Healthcare science staff** | 304 | 283 | 21 | 261 | 251 | 10 |
| **Social care staff** | - | - | - | - | - | - |
| **Other** | 3 | 3 | - | - | - | - |
| **Total average numbers** | **8,331** | **6,999** | **1,332** | **7,859** | **6,570** | **1,289** |

**Analysis of Staff costs**

The tables below set out the cost and number of staff for the last two years separately analysed between those staff members with permanent employment contracts with the Trust and those who do not have a permanent employment contract.

This table shows the gross cost of staff, analysed between those who are employed on permanent contracts and others (criteria as per previous table):

| | 2019/20 | | | 2018/19 | | |
|---|---|---|---|---|---|---|
| | Total | Permanent Staff | Other | Total | Permanent Staff | Other |
| | £000 | £000 | £000 | £000 | £000 | £000 |
| **Salaries And Wages** | 308,123 | 258,834 | 49,289 | 281,929 | 235,723 | 46,206 |
| **Social Security Costs** | 29,279 | 24,595 | 4,684 | 26,861 | 22,459 | 4,402 |
| **Apprenticeship Levy** | 1,504 | 1,263 | 241 | 1,383 | 1,156 | 227 |
| **Pension cost - defined contribution plans employer's contributions to NHS Pensions** | 36,379 | 30,560 | 5,819 | 33,731 | 28,203 | 5,528 |
| **Pension cost - employer contributions paid by NHSE on provider's behalf** | 15,829 | 13,297 | 2,532 | 0 | 0 | 0 |
| **Pension cost – other** | 42 | 0 | 42 | 25 | 0 | 25 |
| **Termination Benefits** | 2,116 | 2,116 | 0 | 15 | 15 | 0 |
| **Temporary Staff - Agency / Contract staff** | 13,779 | 0 | 13,779 | 12,825 | 0 | 12,825 |
| **Total Gross Staff Costs** | 407,051 | 330,665 | 76,386 | 356,769 | 287,556 | 69,213 |

**Breakdown of male and female staff as at 31 March 2020**

| | Male | Female |
|---|---|---|
| **Executive Director** | 4 | 2 |
| **Non-Executive Director** | 4 | 4 |
| **Other staff** | 1,850 | 7,003 |

**Sickness Absence**
As at 31 December 2019, the 12-month rolling sickness rate was 4.37%. The evidence base supports the view that the vast majority of lost days are attributable to longer term absence. Just 7% of all episodes of absence in 2019 were for durations exceeding 28 days but these absences accounted for 61% of all days lost to sickness absence.

Furthermore, further evidence suggests that, statistically, a member of staff who has not resumed within the first 7 days of sickness is, more likely than not, going to be absent for between 1-3 months. Accordingly, we recognise the importance of line managers needing to 'Know Your Staff' and intervene positively in order to support a return from sickness absence and, if at all possible, to put in place interventions which prevent the need for sickness absence in the first instance.

**Sickness absence data**
This information is published by NHS Digital:

http://digital.nhs.uk/data-and-information/publications/statistical/nhs-sickness-absence-rates

**Disability Confident**
The Trust has been successful in retaining the Level 2 Disability Confident Employer status for the past 4 years. This builds on and replaces the best practices of the 'Two Ticks Disability Symbol' model which the Trust previously held. Being Disability Confident provides us with an opportunity to attract, recruit and retain disabled people, whilst demonstrating commitment, action and progression.

The NNUH also hosts special schemes for recruiting employees with disabilities, such as Project Search. This is a pioneering intern programme which has led to employment for many young people. It involves NNUH working in partnership with Remploy, Serco and City College Norwich to offer students with learning difficulties and disabilities the chance to learn vital skills and prepare them for paid employment.

Employees who develop a disability during the course of their employment receive support from the Workplace Health and Wellbeing Team, advice from Human Resources Department along with support from their line manager. Options are explored for making reasonable adjustments to the person's work activities which might include a change to working hours, duties or use of equipment. The aim is to keep the employee in work and all opportunities are explored, including redeployment.

Our Attendance Policy has a toolkit which is dedicated to dealing with staff with disabilities and long term health considerations which encourages managers to:

- consult with individuals
- deal with matters confidentiality and sensitively
- consider everything that is relevant
- consider all possible options and outcomes
- implement the identified and appropriate option where they are considered to be reasonable adjustments.

The trust has a newly established Diverse Ability Staff Network for disability advocates. The purpose of the network is to provide a voice for Diverse Ability staff as well as encourage all staff within the trust to celebrate diversity. It is also to encourage our staff to understand the needs of individuals within the community so that the trusts vision, values and objectives are fulfilled.

**Trade Union**

In accordance with the Trade Union (Facility Time Publication Requirement) Regulation 2017, we are required to publish information regarding 'facility' time on a government website by 31 July following the reporting period.

For the period of 1 April 2018 – 31 March 2019, NNUH reported 18 trade union representatives providing 16.03 FTE. The following table outlines the percentage of working hours these officials spent on facility time.

| Percentage of working hours spent on facility time | No of Representatives |
|---|---|
| 0% | 7 |
| 1 – 50% | 8 |
| 51 – 99% | 3 |
| 100% | 0 |

The total spend on paying employees who were relevant union officials for facility time during the relevant period was £80,802 which represented 0.023% of NNUH's total pay bill. The total hours on paid TU facility time totalled 3,539 which represented 3.17% of total paid facility time.

## Formal and informal consultation mechanisms

**Staff Engagement**

One of our top priorities is to encourage the best from our staff, whilst at the same time maintaining their health, safety and wellbeing at work. Our approach to staff engagement is to involve our colleagues in discussions about key issues and this is reflected in the different ways in which we communicate and consult with staff.

Formal negotiation and consultation with out recognized trade unions is undertaken in a conversational and constructive manner with all those involved invariably wanted a common aim. The committees where the dialogue takes place include:

- JSCC (Joint Staff Consultation Committee)
- PACS (Pay and Conditions of Service)
- LNC (Local Negotiation Committee)

In 2019, we have established the BAME, LGBT+ and Diverse Ability Staff Networks which meet frequently to make a positive difference to individual and our Trust.

**Other communication mechanisms**
Staff engagement is supported by a comprehensive internal communications programme which includes daily and weekly e-newsletters, intranet, magazine, and events such as Chat with the Chief where staff can drop in and speak directly to the chief executive. Monthly Connected meeting sessions, which are open to all staff are also provided by the Chief Executive Officer who leads the sessions with other executive directors talking about specific subjects.

Staff are kept up-to-date on a range of performance and finance issues affecting our hospitals through the integrated performance report which is shared with staff at each Viewpoint session.

Where there are issues affecting particular staff groups, including service changes, we hold regular meetings with those staff groups and staff side representatives, as appropriate.

**NHS Staff Survey 2019**
The annual National NHS Staff Survey has operated since 2003 and allows us to monitor the experiences of our staff and benchmark ourselves against other similar NHS organisations and the NHS as a whole, on a range of measures of staff attitudes and satisfaction. The results are primarily intended for use by NHS organisations to help them review and improve the experience of staff at work and, who in turn, are then feel supported to provide high quality care for our patients.

The most recent survey covers the feedback from staff (through questionnaire) for the period September 2019 to November 2019. The Norfolk and Norwich University Hospital had a response rate of 45.7% this is 3,776 respondents out of a sample of 8,256. Eleven summary indicators (referred to as themes) were created from the responses to individual survey questions. All themes are scored on a scale that ranges from 0 to 10 (the higher the ‘score’ the better). The survey provides results for our organisation as well as comparison to the best and worst Trusts and all acute trusts.

Survey Coordination Centre

2019 NHS Staff Survey Results > Theme results > Overview

NHS England

Equality Health & Immediate Morale Quality of Quality Safe Safe Safety culture Staff Team

| Theme | 2015 | | 2016 | | 2017 | | 2018 | | 2019 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Trust | Benchmark | Trust | Benchmark | Trust | Benchmark | Trust | Benchmark | Trust | Benchmark |
| **Response Rate** | **49%** | **41%** | **46%** | **43%** | **47%** | **44%** | **46%** | **44%** | **46%** | **47%** |
| Equality, diversity & inclusion | 9.3 | 9.2 | 9.2 | 9.2 | 9.1 | 9.1 | 9.1 | 9.1 | 9.1 | 9.0 |
| Health & wellbeing | 6.0 | 6.0 | 6.1 | 6.1 | 6.2 | 6.2 | 6.0 | 6.0 | 6.0 | 6.0 |
| Immediate managers | 6.3 | 6.6 | 6.5 | 6.7 | 6.5 | 6.7 | 6.5 | 6.7 | 6.7 | 6.8 |
| Morale* | n/a | n/a | n/a | n/a | n/a | n/a | 6.0 | 6.0 | 6.1 | 6.1 |
| Quality of appraisals | 4.4 | 5.1 | 4.9 | 5.3 | 5.3 | 5.3 | 5.4 | 5.4 | 5.5 | 5.6 |
| Quality of care | 7.1 | 7.5 | 7.2 | 7.6 | 7.3 | 7.4 | 7.1 | 7.4 | 7.1 | 7.5 |
| Safe Environment - Bullying & harassment | 7.5 | 7.9 | 7.6 | 8.0 | 7.8 | 8.0 | 7.7 | 7.9 | 7.8 | 7.9 |
| Safe Environment - Violence | 9.4 | 9.4 | 9.4 | 9.4 | 9.5 | 9.4 | 9.5 | 9.4 | 9.5 | 9.4 |
| Safety culture | 6.3 | 6.5 | 6.4 | 6.6 | 6.5 | 6.6 | 6.5 | 6.7 | 6.5 | 6.7 |
| Staff engagement | 6.8 | 7.0 | 6.8 | 7.0 | 6.9 | 7.0 | 6.9 | 7.0 | 6.9 | 7.0 |
| Team working | 6.2 | 6.5 | 6.3 | 6.5 | 6.5 | 6.5 | 6.4 | 6.5 | 6.5 | 6.6 |

Data from the National Co-ordination Centre - 18/02/2020

*Morale was a new theme in 2018, there is no comparable data for 2016 and 2017.

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Your org** | 9.1 | 6.0 | 6.7 | 6.1 | 5.5 | 7.1 | 7.8 | 9.5 | 6.5 | 6.9 | 6.5 |
| **Average** | 9.0 | 5.9 | 6.8 | 6.1 | 5.6 | 7.5 | 7.9 | 9.4 | 6.7 | 7.0 | 6.6 |
| **Worst** | 8.3 | 5.3 | 6.0 | 5.5 | 4.8 | 6.7 | 7.3 | 9.2 | 5.7 | 6.1 | 5.9 |
| **Responses** | 3,744 | 3,757 | 3,741 | 3,699 | 3,215 | 3,324 | 3,731 | 3,739 | 3,745 | 3,754 | 3,730 |

There is also a five year trend analysis which is helpful when we review the data.

Of the 11 themes, two have improved significantly (statistically), immediate manager and safety culture.

All six questions for 'Immediate managers' are up on 2018 and 2019, the 2019 comparison to 2018 includes:

- 5.5% increase for the support I get from my manager
- 4.9% increase - manager gives me clear feedback on my work
- 3.8% increase - manager asks for my opinion before making decisions which affect my work
- 3.3% increase - manager takes a positive interest in my health and wellbeing

Five of the six safety culture questions are up on 2018, including:

- 3.1% increase – I would feel safe raising concerns about unsafe clinical practice
- 3.0% increase - I am confident that my concern would be addressed
- 2.1% increase – Errors, near misses and incidents are acted upon to ensure they do not happen again

All results from the Staff Survey 2019 have been shared organisationally in the *Connected* briefing with Sam Higginson and by presentations to each division/directorate. A new Staff Survey intranet page now includes the presentations, data from Quality Health and National Co-ordination Centre, a breakdown by staff group/division and comparison tools.

In order to facilitate improvements, our divisions and corporate departments are communicating results locally and identifying the key improvement objectives for their areas to be implemented before September 2020.

There four organisation-wide objectives which link directly to what our staff told us:

- Reduce and eliminate bullying and harassment (Safety Culture: Bullying and Harassment)
- Continue to promote the NNUH as a hospital for all people (Equality Standards)
- Implement a systematic e-form appraisal system that ensures staff can track their CPD and feel valued by the organisation (Appraisals).
- We will also look to have an electronic Staff Survey for 2020; this is to increase the participation rates and help to capture the feedback from all our staff members.

## Other engagement and Cultural Interventions

We continue to put on various training and bespoke interventions for our staff and leaders. These include Leading with PRIDE, Communicating with PRIDE, Rudeness Costs Lives, Unconscious Bias Training and Know your Staff.

### Leading with PRIDE

At these masterclasses, managers are reminded of the importance of having effective engagement with their staff and our expectation of managers to use the 'know your staff' principles. Managers are provided with the tools for giving constructive feedback and tackling issued, building on individual team member's strengths and modelling PRIDE values as leaders.

### Communicating with PRIDE

Introduced in October 2018, the Communicating with Pride sessions provide help and support for all – whether staff had experienced, witnessed, had to manage, or had been accused of, inappropriate behaviour. The intent is that this empowers all of our staff to have the confidence to raise and resolve issues themselves, or with the support of colleagues. Communicating with Pride builds on the Trust's PRIDE values which details the types of behaviour the organisation likes to see and the behaviour it discourages

### Rudeness Costs Lives

These training sessions built on the Communicating with PRIDE framework and commenced last year. These sought to understand the impact of incivility, recognise that rudeness exists in our workplace and gave staff and managers the knowledge to use the BUILD and ABC feedback tools in the workplace.

### Unconscious Bias Training

Unconscious bias training has become a requirement for recruitment managers and was delivered from July 2019, with the audience including our Executive Directors.

**Know Your Staff**
Know Your Staff is our compassionate and just approach to people management. The key principles are to:

- Have an outcome focus.
- Think about the person before the process.
- Have no surprises.
- Apply discretion appropriately.
- Provide clarity, have ownership and be accountable.
- Adopt an ethos of leading through:
    - Trust, with positive
    - Relationships and
    - Engagement, knowing that you are
    - Empowered to take appropriate decisions

Local Counter Fraud Service (LCFS)
NNUH works closely with our designated local counter fraud specialist as part of the national scheme led by 'NHS Counter Fraud Authority'. This involves proactive and reactive work to ensure that precious NHS resources are not lost to fraud but rather can be spent on patient care and clinical services. This provides a clear route for concerns in relation to fraud to be reported and investigated, and development of an antifraud culture.

We take all necessary steps to counter fraud and bribery in accordance with guidance or advice issued by NHS Protect. This process is detailed in the organisation's Anti-Fraud and Bribery Policy.

## Off payroll engagements

The Trust has a policy that all substantive staff are paid through payroll unless there are exceptional circumstances. No Board members were engaged on an interim and off-payroll basis during the period 1 April 2019 to 31 March 2020.

The table below shows the details for 2019/2020:

| **Off payroll engagements as of 31 March 2020 for more than £245 per day lasting for longer than six months** | |
|---|---|
| No. of existing engagements as of 31 March 2020 | 0 |
| Of which: | |
| No. that have existed for less than one year at the time of reporting. | 0 |
| No. that have existed for between one and two years at time of reporting. | 0 |
| No. that have existed for between two and three years at time of reporting. | 0 |
| No. that have existed for between three and four years at time of reporting. | 0 |
| No. that have existed for four or more years at time of reporting. | 0 |

**The trust may be able to engage contractors on an off-payroll basis, but there is scrutiny for such arrangements.**

| **For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months** | |
|---|---|
| No. of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020 | 1 |
| Of which: | |
| Number assessed as within the scope of IR35 | 1 |
| Number assessed as not within the scope of IR35 | 0 |
| Number engaged directly (via PSC contracted to trust) and are on the trust's payroll | 0 |
| Number of engagements reassessed for consistency/assurance purposes during the year | 0 |
| Number of engagements that saw a change to IR35 status following the consistency review | 0 |

| **For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020** | |
|---|---|
| Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year. | 0 |
| Number of individuals that have been deemed 'board members and/or senior officials with significant financial responsibility' during the financial year. This figure ***must*** include both off-payroll and on-payroll engagements. | 8 |

## Staff exit packages

Audited

**Table 1:Exit Packages**

| Exit package cost band (including any special payment element) | Number of compulsory redundancies | Cost of compulsory redundancies | Number of other departures agreed | Cost of other departures agreed | Total number of exit packages | Total cost of exit packages | Number of departures where special payments have been made | Cost of special payment element included in exit packages |
|---|---|---|---|---|---|---|---|---|
| | WHOLE NUMBERS ONLY | £000'S | WHOLE NUMBERS ONLY | £000'S | WHOLE NUMBERS ONLY | £000'S | WHOLE NUMBERS ONLY | £000'S |
| <£10,000 | 11 | 51 | 54 | 193 | 65 | 244 | | |
| £10,000 - £25,000 | 9 | 139 | 6 | 77 | 15 | 216 | | |
| £25,001 - £50,000 | 12 | 477 | | | 12 | 477 | | |
| £50,001 - £100,000 | 11 | 926 | | | 11 | 926 | | |
| £100,001 - £150,000 | 4 | 524 | | | 4 | 524 | | |
| £150,001 - £200,000 | | | | | 0 | 0 | | |
| >£200,000 | | | | | 0 | 0 | | |
| **Total** | **47** | **2,117** | **60** | **270** | **107** | **2,387** | **0** | **0** |

Redundancy and other departure costs have been paid in accordance with the provisions of the NHS Scheme. Exit costs in this note are the full costs of departures agreed in the year. Where the Norfolk and Norwich University Hospitals NHS Foundation Trust has agreed early retirements, the additional costs are met by the Norfolk and Norwich

University Hospitals NHS Foundation Trust and not by the NHS Pensions Scheme. Ill-health retirement costs are met by the NHS Pensions Scheme and are not included in the table.
This disclosure reports the number and value of exit packages agreed in the year. Note: the expense associated with these departures may have been recognised in part or in full in a previous period.

**Table 2: Analysis of Other Departures**

*Includes any non-contractual severance payment made following judicial mediation and there were no payments made relating to non-contractual payments in lieu of notice.

| Type of Other Departures | Agreements<br><br>Number | Total value of agreements £000s |
|---|---|---|
| Voluntary redundancies including early retirement contractual costs | | |
| Mutually agreed resignations (MARS) contractual costs | | |
| Early retirements in the efficiency of the service contractual costs | | |
| Contractual payments in lieu of notice* | 60 | 270 |
| Exit payments following employment tribunals or court orders | | |
| Non-contractual payments requiring HMT approval (special severance payments)** | | |
| **Total** | **60** | **270** |

As a single exit package can be made up of several components each of which will be counted separately in this Note, the total number above will not necessarily match the total numbers in Note 6 which will be the number of individuals.
* any non-contractual payments in lieu of notice are disclosed under “non-contractual payments requiring HMT approval” below.
**includes any non-contractual severance payment made following judicial mediation, and 0 relating to non-contractual payments in lieu of notice.
0 non-contractual payments were made to individuals where the payment value was more than 12 months’ of their annual salary.
The Remuneration Report includes disclosure of exit payments payable to individuals named in that Report

# How we are improving care for our patients


**NNUH top rated in country for staff flu jabs**

National statistics show that NNUH is the top performing acute teaching Trust in the whole country for staff flu vaccinations.

The hospital's "Proud to be an NNUH Flu Fighter" campaign also saw the Trust ranked 4th out of all Trusts nationally, and achieving the most successful year on record for the Trust with more than 6,000 staff receiving the protective vaccination, representing over 80 per cent of staff .

Hilary Winch, Head of Workplace Health, Safety and Wellbeing, said: "It is very satisfying to see the numbers of staff who took up the offer of the vaccine and have considered their professional responsibility. The fact that we have reached such a high level nationally is an amazing added bonus to the flu fighter team"

**Workplace Health & Wellbeing (Occupational Health)**

The service continues to deliver programmes to promote the health and wellbeing of our staff as well as the organisations that contract services from us.

Over the past year, alongside core occupational health services for NNUH staff, the team have continued to deliver preventative programmes in line with the Health & Wellbeing Strategy which was fully approved by Hospital Management Board in July 2017. This programme consists of four objectives:

- To take positive action on health and wellbeing for staff
- Reduce the number of staff who experience musculoskeletal problems as a result of their work
- Reduce the number of staff who experience work related stress and improve mental wellbeing
- Prevent influenza transmission to staff

**Health & Wellbeing – positive action**
An annual plan of health and wellbeing events was created and delivered to raise awareness of how important it is that we look after ourselves in order to look after others. We have used various channels for these events from increasing face to face interventions, stands for awareness campaigns to using social media and other communication forms.

Our @HWBNNUH twitter account has increased in activity and in addition, a 'closed NNUH staff HWB' Facebook group continues to increase its membership.

The HWB newsletter provides key information on wellbeing, past and forthcoming events as well as promoting our regular activities such as the running club, staff choir, yoga and pilates sessions as well as our regular Schwartz rounds.

In this financial year, a number of Health & Wellbeing events have been undertaken including:

- Mental Health awareness - this event provided information on the various support available and services for mental ill health for all. The WHWB team offered taster sessions of mental wellbeing yoga as well as providing many resources that are specifically available to staff.
- In June, the Health & wellbeing team joined forces with Serco to promote healthy eating week. Each day the restaurant provided a healthy eating option with menu cards available. These were advertised through the closed NNUH Staff health & wellbeing facebook group and HWB twitter account. In addition, a HWB table was available during the week offering samples of vegan, gluten free, refined sugar free and dairy free yummy bites as well as other healthy option snacks with supporting literature.
- In July the team co-ordinated a variety of events to promote men's health awareness although the events were open to all staff. This included a comedian arranged by Serco who delivers men's health awareness through comedy and practical advice. The event also featured Big C, Smile bikes, Menscraft, The harbour centre, It's on the ball charity and The Wright Kitchen. A number of staff signed up to the Cycle to work scheme through smile bikes as an alternative transport method to work at this event.

- The health & wellbeing team have developed a new initiative during this year in developing a Menopause support café. This is designed to support ladies who are going through the menopause as well as line managers who are supporting staff members through this life event. The group addresses issues facing staff members and ways to support. It may be in time that these areas highlighted will assist the

organisation in reviewing policy and environmental aspects. As a result of the first event – several staff members have already developed 'buddy' relationships surrounding this topic.

- The team have worked with our Neuroscience department and migraine specialist nurse to design and coordinate Migraine workshops for staff. These were launched in the Autumn and were fully booked. The Workplace Health & Wellbeing team have also received training from the migraine specialist team so that they can actively gain appropriate information and provide advice to staff before referral into the service for specialist advice.
- In addition the team have been working closely with our Norfolk & Suffolk Foundation Trust Wellbeing Service colleagues and a series of mindfulness, stress and sleep workshops have been delivered to staff.

The NNUH running group continues to operate on a weekly basis. They undertake Couch to 5K courses as well maintenance running for those who regularly attend. In the summer of 2019 the group commenced a 5-10K running course to support those staff members who were preparing to run the Run Norwich event in late July. Overall NNUH had 50 runners making up their NNUH Charity team and other staff members also ran this event independently.

Our hospital choir continues to positively impact the wellbeing provision of our organisation – those who belong to the group as well as those who listen to their weekly rehearsals. The group has represented the Trust in several health related charity concert events and are pleased to represent the Trust in this way as well as singing at NNUH events such as the summer and Christmas fetes.

**Mental wellbeing**

In May 2018, the organisation demonstrated its commitment to raising awareness of mental health in the workplace and supporting staff mental wellbeing by signing its organisational 'Time to Change' pledge after the submission of a successful action plan. Our Pledge states:

- We pledge to continue to raise the awareness of mental health in the workplace through consistent messages and discussions with staff.
- As an acute NHS Trust, we want to ensure that staff feel as comfortable talking about mental health as they do physical health. We will work to ensure that information and support is accessible to all staff. We will improve support for our employees by training our managers in how to support those with mental health problems and by recruiting mental health first aiders together with health and wellbeing champions across the organisation.
- We will continue to provide information to all staff on how they can maintain and improve their own mental wellbeing – raising the importance of caring for themselves, so that they can care for others – 'care for the people who care'

The components of the action plan have continued to be delivered over the course of the year. Highlights of these delivery plans include:

- The bespoke 'Know your Staff Mental Wellbeing' programme for line managers has been extremely successful and an evaluation study has identified that

managers attending this course have had a reduction in absence for mental health issues in their teams following attendance.

- Departments are being supported during difficult situations enabling the development of personal and team strategies as well as considering situations within their work areas to improve the psychological demands of our roles.

- Staff have also been able to access 1:1 behavioural support for low levels of anxiety through the dedicated Health & Wellbeing Practitioner.

Last year, the team worked with our practice development department to develop a new wellbeing and resilience workshop to support newly qualified nurses on their preceptorship programme. This was an area of concern raised by matrons and ward managers as well as being identified from referrals to WHWB. It explores the key challenges that this group of staff face and then assists in developing individual and organisational strategies to assist. In the last 12 months other newly qualified staff groups have participated in these sessions which has been extremely beneficial to all to gain an understanding of the various different roles within the organisation and the daily pressures that they incur. This session has been highly well evaluated.

Our regular Schwartz Rounds have continued; which is an evidenced based programme to support the emotional demands on healthcare workers. This programme is enabling staff to reflect on aspects of our work and re-charge their emotional batteries and is so important for us in continuing to provide great care to our patients.
In the last year, we have explored thought-provoking topics including the impact of a CQC visit for senior leaders in the organisation, how it feels to be 'on the other side' as a patient or relative as well as the impact of starting a new role and feeling 'in the deep end'. Each time those gathered are reminded of why we do the job that we do and the impact that our roles have on each other.

In December, the Health & wellbeing team worked with the Mental Health Liaison team to develop an evidenced based supervision model for staff as well as a critical incident support pathway. These are currently being piloted and hope to be embedded within the trust in the next year. Both these areas of work are vital to support the ever increasing demands of health care workers and the situations that they face on a daily basis.

**Musculoskeletal prevention**
Our staff physio service increased in provision since January 2018 to allow two of the physios to dedicate one day each per week to preventative activity where they are able to visit departments to review their working practice, suggest education or recommend adaptations to reduce the risk of staff receiving a musculoskeletal injury.
Numerous visits to departments have been made in this last year and those areas have received bespoke preventative education either through seminars or poster advice. This preventative area of work is extremely well evaluated as is the staff treatment service.

**Prevent influenza transmission**
A full influenza vaccination campaign was undertaken from October 2019 – February 2020 where 87% of our frontline staff received their vaccination. This programme had dedicated flu vaccine nurses as well as the support of over 90 local peer vaccinators. This level exceeds the challenging target from NHS England of 80% and is the highest level of uptake that our organisation has achieved in this area.

Our success in this programme, was undoubtedly as a result of increased resource to ensure high accessibility of the vaccines being available to all staff, alongside strong medical and nursing leadership together with the support of a prominent communication plan.

In other aspects of work, we successfully submitted our annual review of the Faculty of Occupational Medicine SEQOHS (Safe, Effective, Quality OH Service) accreditation programme following the full five year assessment in July 2017.

As far as external business is concerned, we have been delighted to continue to our success with our current customers and gaining some significant new contracts during this last year. We have faced some external contract challenges due to some organisations re-aligning their occupational health provision or mergers taking place but the additional contracts that have been awarded has resulted in our income position increasing. Our team have expanded due to the new business acquired and we have been ensuring that all team members have successful inductions so that all our customers receive a high quality service. As part of our team expansion, we have also been able to internally promote some members of the nursing team who have developed well into their new roles.

Our Consultant in Occupational Medicine, Dr Rob Hardman continues to also hold the position of Director of Quality, accreditation and audit with the Faculty of Occupational Medicine. This is a great asset to the quality of our own team ensuring we are the forerunners of implementing any changes in guidance, legislation or good practice. Equally, the Head of Workplace Health and Wellbeing, Hilary Winch has continued to work with other regional OH leads on the regional and national streamlining project which endeavours to allow information to be transferred between NHS organisations on staff members who are moving employment in this last year. She has been instrumental in working with NHS Improvement on consistency in standards for screening and immunisation requirements for health care workers. In addition, she continues to lead MoHaWK (Management of Health at Work Knowledge system) for the Faculty of Occupational Medicine which is the only national OH system to support local audit and benchmarking. As part of this role, she also contributes to the management of the SEQOHS accreditation scheme.

**Health & Wellbeing / Staff Experience Working Group**
There have been two prominent pieces of work undertaken by sub-groups led by the Head of Workplace Health & Wellbeing over the last 12 months.

**Staff Rest areas**
A working group was formed to discuss ideas for improving the rest facilities available to staff. Following the initial proposal that was submitted to the estates team which included a number of indoor and outdoor suggestions, some more detailed design plans and costings are being developed with architects. Larger scale options were also included for consideration into the Estates Strategy and included a Wellness centre on the periphery of site.

**Smoke Free NHS Estate**
In line with Public Health England recommendations, we have been working to ensure we implement a completely smoke free estate. Whilst, in theory NNUH has been a smoke free site since 2005, it has not been well adhered to. By not enforcing this we have been endorsing the health risk behaviours and as a leading healthcare provider, we should instead be supporting healthy behaviours. A working party has been operational for the last year to consider the steps that need to be taken and consider the impact of those who smoke on our site from staff, patients, visitors and contractors.

A wide range of actions have already taken place which includes:

- A review of the staff policy with staff engagement forums taking place
- Developing new signage for the site
- Liaising with all contractors on site and full communications plan to the general public in Norfolk.
- Patients to be prescribed fast acting nicotine replacement therapy on admission to manage their nicotine addiction
- Availability of fast acting nicotine replacement therapy for visitors, staff and contractors through the retail outlets on site.
- Support for all being provided through referrals to Smokefree Norfolk

Full launch events have been planned for March 2020

**Monthly PRIDE award scheme based on our Trust Values: People-focused, Respect, Integrity, Dedication and Excellence**
Each month there are up to two members of staff and one team who receive recognition through this scheme. Some members of the staff experience working group review the monthly nominations and make decisions regarding winners.

The NNUH PRIDE awards are being supported by Barnham Broom Hotel which is providing an 'Afternoon Tea for Two' or ' Fitness Voucher' for individual winners with a hospital service provider (Serco) providing the winning teams with cake and fruit to share. This initiative continues to be really well received.

## Staff Development

### Apprenticeships

Over the year we have seen 197 staff commence on an apprenticeship; 109 are existing staff and 88 are new apprentices. Of these 53 are 16-18 years old. We continue to play a leading role within the locality and in 2019 won the Regional Macro Employer of the Year and Recruitment Excellence for the National Apprenticeship East of England Awards, and we were national finalists in the Training Journals ‘Best Apprenticeship Programme’ category.

We have continued to utilise our apprenticeship levy contributions and currently there is no underspend identified. We have supported a wide range of apprenticeship training enabling us to develop staff of all levels, from entry level apprentices through to Consultants and Senior Managers.

In the summer of 2019 we established the NNUH Skills Academy.

NNUH Skills Academy This is a virtual academy which promotes and makes accessible all career information for local students, schools and colleges, plus highlights work experience opportunities, a wide variety of career events, and Study Days all under the Skills Academy brand.

Working with HEE, NNUH are the Central Hub Lead for the Norfolk and Waveney Health & Care Academy. Each of the Acute Trusts work with local NHS and Social Care partners offering 1 day work experience per month to local 6th form students looking for a career in the sector.

Our intensive work with local schools continues to raise awareness of the wide variety of career opportunities with the Health Sector. We have attended 68 career events (with 9 scheduled in the remainder of 2019/20) and undertaken other events which have given us contact with over 6,100 students.

**Project Search**
Project SEARCH is a work focused Education programme for young people aged 18 to 25 years who have a learning difficulty or learning disability. This project is a joint venture between Norwich City College, Serco and our hospital and has now been running for 11 years. Each year ten students will gain experience in three different job roles with the aim for them to gain paid employment, either at the hospital or within the wider community by the end of the programme.

Since commencing in 2009 119 students have accessed the programme with 84% successfully completing. Of those 84% of students who have completed 68% have gone onto a positive outcome –

- 10 working in roles for the hospital
- 16 working in roles for Serco
- 36 going into roles in other organisations

We have begun our recruitment process ready for the 2020 / 2021 academic year and have already held an information evening for potential students and their families.

**Step into Health**
*Step into Health supports members of the Armed Forces community to gain an understanding of the employment opportunities within Health and Social Care. Over the last 12 months our programme has developed to become a partnership offering with other regional organisations including Norfolk Community Health and Care, Serco, Norfolk and Suffolk Care Support, Norfolk and Suffolk Foundation Trust, James Paget University Hospital NHS Foundation Trust, Queen Elizabeth Hospital NHS Foundation Trust, East Of England Ambulance Service. We continue to offer an information morning followed by the opportunity to undertake a period of work experience to identify transferable skills or a different career pathway in any of the partnering organisations. In January 2020 after a successful submission our programme has been shortlisted for the Step Into Health* **'**Collaborative Recruitment of the Armed Forces Community' Award.

**In May 2019 the Step Into Health Programme, which was initially initiated and piloted at our hospital, won the British Ex Forces in Business Awards - Ex Forces Initiative of the Year.**

**Step Into Work – (Job Centre – Sector Based Work Academy)**
Our work with the Department of Work and Pensions on the Sector Based Work Academy, now known as Step Into Work programme, continues in partnership with Serco, Norfolk Community Health and Care, Norfolk and Suffolk Foundation Trust and Norfolk and Suffolk Social Care Support This programme enables participating candidates, who are unemployed, the opportunity to undertake a Level 1 qualification, undertake work experience to develop their knowledge and skills, and the opportunity to increase their self-esteem and confidence in a supportive environment to prepare them to secure employment.

The last programme that took place in June 2019 saw 100% of all candidates undertaking the programme go into a positive outcome.

In addition to this work we have received a Platinum Award in January 2020 for our work with Norwich for Jobs initiative that has now been running for 7 years. .

**Prince's Trust**
December 2019 saw us celebrate 10 years of working in partnership with the Prince's Trust. The 'Get into' Programme offers young people between the ages of 16yrs and 30yrs the opportunity to undertake a period of work experience in a supportive environment to enable them to gain knowledge and skills and develop their confidence and self-esteem to ensure they are work ready.  In that 10 year period we have been able to support over 300 young people through the programme with over 100 coming to work for the hospital in a variety of roles during that time.

Over recent years our programme has developed to include other partnering organisations – Norfolk Community Health and Care, Serco, and Norfolk and Suffolk Care Support.

We are currently working with the Prince's Trust to build a portfolio of different development opportunities young people can access to enable them to gain the skills they require to ensure they are work ready.

## Health and Safety

The Health and Safety team advises on staff safety in relation to the main risks present in a healthcare environment. The team assists with risk assessment and incident investigation as well as proactively auditing and monitoring standards and compliance across all Trust premises.

The main projects for the year 2019/20 were:

- Education and advice to staff due to major changes with waste contracts and suppliers. The Trust aims to ensure the safety of staff, patients, the public and the environment by the safe and effective segregation and management of all classes of waste leaving our sites.
- Involvement in major projects including building works around the sites. The team is involved in all planning processes to consider the safety of anyone affected by such works and to help ensure that relevant controls are in place for the safety of all users once works are completed.
- Working with clinical teams on assessments of our environments to safeguard our more vulnerable patients and to help equip staff with the skills to manage these patients.
- Control of Substances Hazardous to Health (COSHH) - working with clinical teams on the safe storage of chemicals and the continued development of our PPE /RPE processes to ensure the protection of staff and patients from infection.

**Training**
The Health and Safety team develops and delivers training packages and ensures that there are competent trainers to cover the mandatory training needs of the organisation related to fire, health and safety, manual handling, prevention and management of aggression, chemicals and waste. We have identified staff in areas with specific need i.e. Theatres who can become key trainers in topics such as fire safety and manual handling; this means that training is more accessible and relevant to these areas.
The team also compiles e-learning packages and assessments used for revision training for staff in various health and safety topics. The training process is regularly evaluated and reviewed to ensure it is effective.

**Incidents**
There are five categories of health and safety related incidents that are reported most frequently for staff. These are slips, trips and falls, needle-stick and sharps injury, patient moving and handling, verbal aggression and physical aggression. There was a 20% decrease in reported staff safety incidents compared with the previous year – the main areas of decrease appeared within the physical and verbal aggressions categories.

**Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) Incidents**

During 2019/2020, the Health and Safety Department reported 37 staff injuries to the Health and Safety Executive. These were due to the employee sustaining fractures during work related activities or being absent for or requiring a change of duties for more than seven days. This is an increase in reportable incidents of 54% on the previous year. A larger % occurred during the extreme heat wave in late July/ August. 75% of these were linked to handling of objects (48%) or patient handling (27%)

The number of RIDDOR incidents is reflected as an incidence rate against the national average. The Trust's overall incidence rate is 411 per 100,000 employees. The national incidence rate for healthcare in 2018/19 was 369.

More detail on health and safety performance is included within the Health and Safety Annual Report that is presented to the Trust Health and Safety Committee.

# NHS Improvement's Single Oversight Framework

***NHS England and NHS Improvement's NHS Oversight Framework*** provides the framework for overseeing providers and identifying potential support needs. The framework looks at five themes:

- quality of care
- finance and use of resources
- operational performance
- strategic change
- leadership and improvement capability (well-led)

Based on information from these themes, providers are segmented from 1 to 4, where '4' reflects providers receiving the most support, and '1' reflects providers with maximum autonomy. A foundation trust will only be in segments 3 or 4 where it has been found to be in breach or suspected breach of its licence.

The overall rating for Use of Resources was 'Requires Improvement'. NHSE/I commented that the NHS foundation trust was last assessed in February 2019 (nine months from the date of this assessment), and although there have been some actions taken to improve workforce and service productivity, it was too early to evaluate their impact. The metrics associated with the costs of delivering activity had not yet been updated and several initiatives had either recently been implemented or were just being scoped. For areas where the assessment data had been updated, the NHS foundation trust's performance is variable. It continues to compare well against some clinical services productivity metrics but its performance against constitutional standards has declined and its financial position continues to deteriorate. For more information, see the Annual Governance Statement on page 107

This segmentation information is the Trust's position at 31 March 2019. Current segmentation information for NHS trusts and foundation trusts is published on the NHS Improvement website.

**Finance and use of resources**

The finance and use of resources theme is based on the scoring of five measures from '1' to '4', where '1' reflects the strongest performance. These scores are then weighted to give an overall score. Given that finance and use of resources is only one of the five themes feeding into the *NHS Oversight Framework*, the segmentation of the trust disclosed above might not be the same as the overall finance score here.

| Area | Metric | 2019/20 | | | | 2018/19 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Financial Sustainability | Capital Service Capacity | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| | Liquidity | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Financial Efficiency | I&E Margin | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Financial Controls | Distance from financial Plan | 2 | 2 | 4 | 4 | 1 | 1 | 3 | 3 |
| | Agency Spend | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 |
| **Overall scoring** | | **3** | **3** | **4** | **4** | **3** | **3** | **3** | **3** |

**Statement of the chief executive's responsibilities as the accounting officer of Norfolk and Norwich University Hospitals NHS Foundation Trust**

The NHS Act 2006 states that the chief executive is the accounting officer of the NHS foundation trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the *NHS Foundation Trust Accounting Officer Memorandum* issued by NHS Improvement.
NHS Improvement, in exercise of the powers conferred on Monitor by the NHS Act 2006, has given Accounts Directions which require the Norfolk and Norwich University Hospitals NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of The Norfolk and Norwich University Hospitals NHS Foundation Trust and of its income and expenditure, ***other items of comprehensive income*** and cash flows for the financial year.

In preparing the accounts ***and overseeing the use of public funds***, the Accounting Officer is required to comply with the requirements of the Department of Health and Social Care Group Accounting Manual and in particular to:

- observe the Accounts Direction issued by NHS Improvement, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual* (and the *Department of Health and Social Care Group Accounting Manual*) have been followed, and disclose and explain any material departures in the financial statements
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance
- confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS foundation trust's performance, business model and strategy and
- prepare the financial statements on a going concern basis ***and disclose any material uncertainties over going concern***.

The accounting officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the NHS foundation trust and to enable ***them*** to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the NHS foundation trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

***As far as I am aware, there is no relevant audit information of which the foundation trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.***

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in the *NHS Foundation Trust Accounting Officer Memorandum*.

Signed.....

Chief Executive Date: 27 May 2020

# How we are improving care for our patients

**Five years of providing specialist dementia support at NNUH**

NNUH's Dementia Support team, which provides vital support to patients living with dementia and their carers, is celebrating its 5th anniversary.

The team was set up at the hospital five years ago, thanks to a very generous donation to the N&N Hospitals Charity, and is now funded by the Trust.

The team, which includes a clinical nurse specialist and dementia support workers, help patients across the hospital who would benefit from one-to-one meaningful activities or some extra person-centred care. They also provide support to the carers of patients.

Following referrals from ward staff, the team get to know each patient individually to understand their needs and to tailor activities and provide cognitive stimulation.

## Annual Governance Statement for the year ended 31 March 2020

### Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the NHS Foundation Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that the NHS Foundation Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the NHS Foundation Trust Accounting Officer Memorandum.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of the Norfolk and Norwich University Hospitals NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Norfolk and Norwich University Hospitals NHS Foundation Trust for the year ended 31 March 2020 and up to the date of approval of the annual report and accounts.

### Capacity to handle risk

The Board of Directors has approved a Risk Management Strategy which sets out the Board's approach to risk management, its Risk Appetite and accountability and reporting arrangements for the management of risk within the Trust.

The Chief Nurse is the Executive Director lead for Risk Management and operational responsibility for implementation of the Strategy and Policy is delegated to other named staff. The Risk Management Strategy has been made available to all Trust staff through our documents management system, called TrustDocs.

In addition to established processes for learning from incidents and patient feedback, the focus of our risk management approach is on proactively identifying and avoiding risks, rather than simply reacting to risks which have materialised. To enhance our capacity and capability in this regard the Trust has a designated Risk Manager and an Associate Director of Quality and Safety, to oversee the system of risk management in the Trust. The Risk Management Team co-ordinates and supports risk activity across the Trust, in close liaison with the divisional and clinical teams.

The Hospital Management Board has an established Risk Oversight Committee which is tasked, through defined Terms of Reference, to enhance our arrangements for the identification and management of risk and development of the Trust's Risk Maturity. Membership of the Risk Oversight Committee includes representation from the Divisional Management Teams and the Committee reports into a regular session of the Hospital Management Board at which the Corporate Risk Register (CRR) and highest level risks are reviewed and discussed. Reports relating to the Risk Management System and Processes form a regular item for discussion by the Audit Committee as part of its annual reporting cycle. The CRR also informs updating of the Board Assurance Framework (BAF) which documents the principal threats to achievement of the Trust's Strategic Objectives, together with key controls and assurances and any gaps in those controls and assurances.

The Trust's mandatory corporate induction programme includes information concerning both clinical and non-clinical risk, the Trust's approach to managing risk and maximising quality in patient care. In addition, a range of ongoing risk management training is provided to staff and there are policies in place which describe roles and responsibilities concerning the identification, management and control of risk. Such training covers requirements for the safe delivery of services, proper use of equipment and wider aspects of management, health and safety and quality assurance.

The Trust has arrangements in place to ensure that we learn from good practice through a range of mechanisms, including clinical supervision, reflective practice, individual and peer reviews, appraisal and performance management, continuing professional development, clinical audit and application of evidence-based practice. The implementation of guidance from the National Institute of Clinical Excellence (NICE) is overseen by the Clinical Safety and Effectiveness Governance Sub-Board.

In 2019/20 we have also been actively involved with the GIRFT (Getting It Right First Time) initiative. GIRFT is hosted by NHSI and is focussed on encouraging standardisation of best practice across the NHS, to promote better patient outcomes and improved efficiency. Several of our specialities have hosted further GIRFT inspections this year and, in its Use of Resources assessment (February 2019), NHSI commented positively on the Trust's engagement with the national programme including evidence of improvement resulting from GIRFT reviews. That work has continued during 2019/20.

Reduction of risk and maintenance of quality are promoted by constantly reinforcing a culture of openness and transparency and encouraging staff to identify opportunities to learn from patient feedback and to improve the care and services we provide. We have introduced a robust programme of work associated with quality improvement and reduction of risk through our Quality Programme Board supported by an Evidence Group.

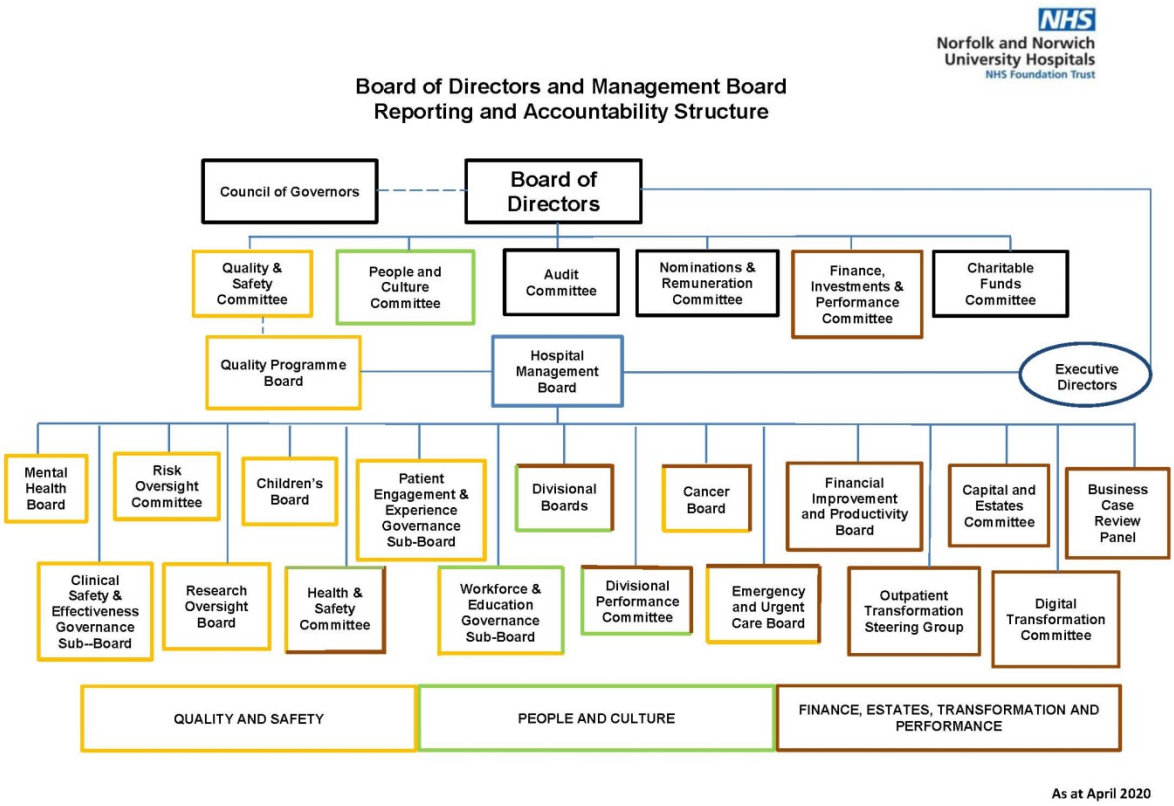
Whilst the Trust continues to mature in its approach to managing risk, the progress we have made since its last inspection was recognised by the CQC in its report of April 2020. The CQC noted specifically "*Risk management was generally more effective with an increased responsibility of the divisions in managing their risk. There were clear processes to identify, escalate and mitigate risk which was an improvement since our last inspection".*

**The risk and control framework**

The Risk Management Strategy sets out the approach to managing risk within the organisation and was last approved by the Board in December 2019. The Risk Management Strategy and associated procedures defines the key roles, responsibilities and reporting lines in relation to the management of risk, as well as the overall governance structure underpinning this at both Board and divisional/directorate level. The Strategy details the Trust's approach to identification, evaluation, control and reporting of risk as well as a statement of the Board's Risk Appetite.

The Board of Directors is responsible for setting the vision and values and the strategic objectives of the Trust. The Board receives regular reports which detail risk, financial and performance issues and actions being taken to reduce identified high level risks or control issues. This reporting to the Board of Directors is supported through the Trust's governance structure, as detailed in the Trust's Organisational Framework for Governance, which details the roles of the Board assurance committees, together with the Hospital Management Board, its Committees and Governance Sub–Boards.

The Board of Directors has four established assurance Committees, covering areas of Quality and Safety; Finance, Investments and Performance; People and Culture; and Audit. The Board receives regular reports from each of its Committees and the overall governance and assurance structure is as represented below:




The Board's Audit Committee has responsibility to oversee the maintenance of an effective system of integrated governance, risk management and internal control, across the Trust's activities, ensuring that all significant risks are properly considered and communicated to the Board. The Terms of Reference for the Trust's Audit Committee are based on the model set out in the NHS Audit Committee Handbook (2014) and the Committee is tasked with reviewing the adequacy of the structures, processes and responsibilities within the Trust for identifying and managing key risks.

During 2019/20 the Board undertook a formal review of its Organisational Framework for Governance, including the responsibilities for each of the Board assurance committees to review key risks arising within their respective areas of remit, as summarised in the Corporate Risk Register (CRR). Relevant sections of the CRR are reviewed by each of the Board Committees as well as relevant extracts from the Board Assurance Framework (BAF).

Each stream within our system of integrated governance is led by a Senior Risk Owner and supported by appropriate teams and management information aiding our corporate and divisional delivery:

- Clinical Governance – led by the Chief Nurse and Medical Director
- Financial Governance – led by the Chief Financial Officer
- Information Governance – led by the Chief Information Officer
- Research Governance – led by the Medical Director
- Workforce and Education Governance – led by the Chief People Officer
- Divisional Governance – led by the Chief Operating Officer

Threats to delivery of the Trust's Strategic Objectives are recorded in the BAF which identifies the assurances available to the Board of Directors in relation to the achievement of those Objectives. The Executive Director with delegated responsibility for managing and monitoring each strategic threat is clearly identified, as is the relevant Board Assurance Committee. The BAF is reviewed and maintained in accordance with an agreed Standard Operating Procedure and this includes review by relevant executives, Management Board, Board Assurance Committees and Trust Board.

The BAF also details the actions to be taken to provide additional assurance and to counter the identified threats. The CQC considered the BAF and associated processes (April 2020) and reported: *"We reviewed the BAF [and] found all the threats to strategic objectives RAG rated with mitigating actions. There were clear review processes and dates documented for each at relevant review committees and management board. The BAF was discussed at trust board. Minutes showed appropriate assurance was received regarding control and mitigations."*

Information and assurance is provided to the Board through:

- scrutiny of key data and metrics reported through a monthly Integrated Performance Report – available to the Board, Governors, staff and public (via our website);
- the work of and reports from the Board's assurance committees;
- 'triangulation' of information from diverse sources including reports and presentations from clinical teams, internal and external audit, external reports and the Board programme of clinical and departmental visits.

Risk is assessed at all levels in the organisation from the Board of Directors to individual wards and departments. This ensures that both strategic and operational risks are identified and addressed and risk assessment information is held in an organisation-wide Risk Register. A risk scoring matrix is used to ensure that a consistent approach is taken to assessing and responding to clinical and non-clinical risks.

Those risks with a high residual risk rating (following the impact of appropriate mitigating actions) are detailed in a Corporate Risk Register – reported to both the Board of Directors and Management Board. High level risks are also reviewed by each of the Board assurance committees as relevant to their individual remits. This structure and process is intended to facilitate a cohesive risk management system operating from ward to Board.

The Hospital Management Board is tasked through its Terms of Reference with assisting me in effectively discharging my duties as Accounting Officer and with overseeing the identification and mitigation of key risks arising from or relevant to the operation of the Trust. It oversees the work of three Governance Sub-Boards, with areas of focus constructed so as to be consistent with the inspection regime of the Care Quality Commission under the following headings:

- Clinical Safety and Effectiveness
- Patient Engagement and Experience
- Workforce & Education

The Management Board has also established a number of other Committees to scrutinise and support areas such as Financial Improvement and Productivity, Research and Capital Planning. Each of the Management Board committees and governance sub-boards have Terms of Reference and they report regularly to the Management Board on areas of risk or issues that require escalation.

A Divisional Performance Committee also oversees the work of our clinically-led Divisions. Our divisional structure forms a key part of our management and governance structure and each of the divisions is represented in the membership of the Management Board. During 2019/20 we have implemented a Performance and Accountability Framework to support oversight of the Divisions and the Finance, Investments and Performance Committee receives regular reports on use of the Framework.

A schedule of Executive portfolios ('Who Leads on What') is well-established and is available to Management Board and Trust staff on the TrustDocs system. It is reviewed periodically as part of the ongoing Executive Team and Board Development Programme, so that there remains clarity and assurance over capacity and capability with regard to leadership for all aspects of the Trust.

In its most recent assessment of the Trust the CQC found that *"The governance structure was effective in supporting the delivery of the current strategy and of supporting the divisions and staff to deliver high quality care."*

***CQC Registration:***
The Trust is fully compliant with the registration requirements of the Care Quality Commission.

The last published report from a full inspection by the Care Quality Commission (CQC) was issued in April 2020 and related to an inspection conducted during December 2019 and January 2020. The overall rating for the Trust was that it 'Requires Improvement'. In its report the CQC judged the Trust to be 'Good' for the domains of Caring and Effectiveness, 'Requires Improvement' in the domains of 'Safety, Well-led and Responsiveness'. The report recognised improvements in the Trust made over the course of 2019/20 and recommended that the Trust should be removed from Special Measures.

In March 2019, the CQC also issued a Warning Notice relating to elements of the Trust's services in the Accident and Emergency Department with particular regard to waiting times in A&E, care of mental health patients and adequate numbers of nursing staff. Whilst our Urgent and Emergency Care Service wasagain rated as 'requires improvement' by the CQC in its latest report, the Warning Notice has not been renewed.

The CQC report identifies a number of actions that the Trust must take. We are developing an action plan to implement the necessary changes and this will be submitted to the CQC and tracked and monitored in the Trust through the Quality Programme Board and Quality and Safety Committee. We look forward to welcoming the CQC team to the Trust again in due course, so that we can demonstrate our continuing improvement.

***Other compliance issues:***
The Trust has published on its website an up-to-date register of interests, including gifts and hospitality, for decision-making staff (as defined by the Trust with reference to the guidance) within the past twelve months as required by the Managing Conflicts of Interest in the NHS guidance.

As an employer with staff entitled to membership of the NHS Pension Scheme, control measures are in place to ensure all employer obligations contained within the Scheme regulations are complied with. This includes ensuring that deductions from salary, employer's contributions and payments into the Scheme are in accordance with the Scheme rules, and that member Pension Scheme records are accurately updated in accordance with the timescales detailed in the Regulations.

Control measures are in place to ensure that all the organisation's obligations under equality, diversity and human rights legislation are complied with.

The Trust has undertaken risk assessments and has a sustainable development management plan in place which takes account of UK Climate Projections 2018 (UKCP18). The Trust ensures that its obligations under the Climate Change Act and the Adaptation Reporting requirements are complied with.

The Trust recognises the crucial role played by its staff in delivering services to our patients and the Board has a People and Culture Committee, which is an assurance committee and strategic group, with a membership consisting of Board members and divisional leaders. The Hospital Management Board has also created a Workforce and Education Governance Sub Board (WESB), chaired by the Chief People Officer and with representation from across the divisions and the Human Resources and Education directorate.

Through this governance structure the Trust ensures scrutiny of all aspects of people related issues and performance, including safe staffing, safe deployment, learning and development, cultural improvement, sickness, appraisal, mandatory training, retention, recruitment and temporary staffing. Any people related risks that arise from the divisional boards are presented at the WESB for appropriate consideration and intervention.

The WESB also provides an assurance structure with regard to the 'Developing Workforce Safeguards', within its remit covering safe recruitment, skills levels, safe care and deployment (both substantive and temporary).

**Significant and Strategic Risks**
Threats to delivery of the Trust's Strategic Objectives are recorded in the Board Assurance Framework (BAF), the actions to be taken to provide additional assurance and to counter the identified threats.

In its assessment of the Trust, reported April 2020, the CQC found that *"The executive directors, chair and non-executive directors we spoke with all agreed on the most significant risks for the organisation. These included finance, staffing, and capacity. This was completely aligned to the trust risk register as well as the BAF. All could describe the controls in place and their individual responsibilities in addressing these concerns"*.

During the course of 2019/20 the Board has reviewed its most significant risks, both in-year and in future, as reflected in its Board Assurance Framework, as follows:

i) **Covid 19 pandemic**: at the time of writing, the Country and NHS are deeply engaged in responding to this pandemic and for practical purposes it was all-consuming in Q4 of 2019/20, characterised by extreme levels of disruption to 'business as usual' services – many of which have ceased entirely for the time-being. It seems likely that the far-reaching effects of the pandemic will continue to create significant risk to operation of the Trust for some time;
ii) **Quality:** variability and unpredictability in levels of emergency demand, creates peaks of pressure in the ED, non-achievement of performance targets and has necessitated use of escalation areas within the hospital creating additional costs, pressures on staffing and on standards of patient experience and quality;
iii) **Capacity:** high levels of elective demand, relative to the available operational capacity, have created risks for delivery of the Trust's performance targets for cancer, 18-weeks and diagnostics, leading to extended waiting times and use of expensive temporary capacity;
iv) **Digital**: immaturity and vulnerability in the Trust's digital infrastructure creates risk to cyber security, operational resilience, quality and efficiency;
v) **Finance**: if the Trust is to deliver financially sustainable high quality services to patients, there is a need to enhance financial controls, implement operational transformation, achieve system-wide service redesign and secure support for the structural element of the Trust's financial deficit;
vi) **Capital:** lack of capital available for investment in services for patients and staff, creates a current and future risk with regard to physical capacity and equipment obsolescence and breakdown, especially with regard to diagnostic equipment, digital technology, NICU and pharmacy.

The Trust has mitigating actions in place to minimise the potential impact of these risks so far as practicably possible, with the impact of these assessed through reports to the Board and in particular the metrics set out in the monthly Integrated Performance Report. The Board of Directors and Board assurance committees regularly seek assurance on the effectiveness of the controls and progress being made to address gaps in control and assurance to reduce the level of risk. Very significant challenges remain however with regard to the Trust's operational and financial sustainability in the current organisational configuration and price structure of the health economy.

***Licence Undertakings:***
NHSI, the independent regulator of Foundation Trusts, investigated the Trust's non-achievement of national operational performance targets in 2015/16 and concluded that it had reasonable grounds to suspect that the Trust was in breach of its Provider Licence, which requires achievement of relevant national targets. Monitor accepted voluntary Undertakings from the Trust to take "all reasonable steps" with respect to the delivery of improvement plans to achieve the national targets and concluded that implementation of these Undertakings would *"secure that the breaches in question do not continue or recur".* Those Undertakings remain in place and representatives of the Trust continue to meet regularly with NHSI to discuss mitigating actions, including addressing the imbalance between the level of patient demand and the capacity in the Trust to meet that demand.

A key element of the Undertakings given to NHSI is that the Trust should set out a long-term strategy to address the increasing demand and capacity pressures it faces. The extent of this demand, and the need for additional clinical space in the Trust, has been confirmed by an external review conducted by the Boston Consulting Group (BCG) commissioned by the Norfolk Great Yarmouth and Waveney STP. In compliance with the Undertakings given to NHSI, the Trust has developed plans to expand its capacity to treat patients.

In the course of 2019/20, the Trust opened a dedicated centre for PET-CT scanning and the Norfolk & Norwich Kidney Centre in Norwich, offering renal dialysis for patients with chronic kidney disease. The Trust has also initiated construction of a new Interventional Radiology Unit and a new ward block, which will strengthen our capacity to respond to further surges in demand such as that resulting from the Covid 19 pandemic.

The Trust has been working with STP partners with a view towards developing longer term strategic plans to balance demand and capacity and to promote financial sustainability. We have developed an STP-wide plan to create a Diagnostic and Assessment Centre to help meet the projected increase in patient need. Central government funding has been approved and we are developing full business cases to initiate this project.

**Incident Reporting and Raising Concerns**
Incident and near-miss reporting is encouraged across all staff groups and specialties across the Trust within an open culture focussed on learning and improvement. The Trust has a single web based incident reporting system which is used by all staff groups to record patient and staff safety incidents, near misses and serious incidents. The number and type of incidents reported and learning from these incidents is disseminated and monitored through the risk and governance structure and a communication route to all staff based on Organisation Wide Learning (OWL) newsletters, Safer Practice Notices and updates through the Clinical Safety and Effectiveness Governance Sub-Board.

The Trust has established a daily multi-professional Serious Incident Group (SIG) which reviews high-rated incidents or near misses, to identify and share learning, ensure any immediate safety actions are taken as well as compliance with the statutory Duty of Candour. The Quality and Safety Committee receives regular reports with regard to the rate of incident reporting in the Trust and the investigation and learning from incidents.

The Trust has appointed a full-time Freedom to Speak-up Guardian (FTSUG) to support staff in raising concerns and putting forward suggestions as to how we might make further improvement in the Trust and its services. The FTSUG reports regularly to the Hospital Management Board and the Trust Board's People and Culture Committee, so there is transparency with regard to any issues of concern affecting or raised by staff.

**Involvement of Stakeholders in Risk**
The Trust liaises with its commissioners throughout the year in relation to risk through regular meetings to review contract/clinical quality matters. The Trust works closely with other local organisations which are part of the formal structure for NHS patient and public involvement, such as the Health Overview and Scrutiny Committee and Healthwatch.

Our Foundation Trust has a membership with over 17,000 public members, many of whom are actively involved with the Trust in a number of ways, including a Patient Panel and a regular programme of meetings for members about different aspects of our activities.

The members elect governors who sit on the Trust's Council of Governors and who represent the views of members when contributing to development of the Trust's forward plans and priorities. The Trust's Council of Governors receives regular updates on strategic developments in the Trust and performance against key targets and governance requirements.

The views of patients are sought in a variety of additional ways, including patient electronic surveys, nationally mandated surveys, comment cards and other activities. The Board receives regular reports on feedback from patients through the Patient Engagement and Experience Governance Sub-Board. The Trust has appointed a Lead for Patient Experience and Engagement and established a Patient Panel, to strengthen the Patient Voice in the life of the Trust and in the development of its services.

Further information regarding patient and public engagement in the Trust is included in the Annual Report.

**Review of economy, efficiency and effectiveness of the use of resources**

The Trust's operational Plan for 2019/2020 was approved by the Board of Directors following review by the Council of Governors and then submitted to and accepted by NHSEI. During the year, delivery of the Operational Plan was monitored by the Management Board. Progress against cost improvement programmes was monitored through a Programme Management Office process reporting to the Financial Improvement & Productivity Committee and the Management Board.

Assurance with regard to delivery of the Operational Plan was sought on behalf of the Board of Directors by the Board assurance committees via reports covering activity, workforce, quality, safety and finance.

The process to ensure that resources are used economically, efficiently and effectively across clinical services includes Divisional Performance Reviews meetings, the clinical audit programme and the regular monitoring of clinical indicators covering quality and safety.

The Trust's Internal Audit Plan is determined having regard to the Trust risk register and audits include objectives to consider the use of resources as appropriate. The findings of internal audit reports are reported to the Audit Committee and other Board assurance committees as relevant.

Further to the Use of Resources review undertaken in February 2019, NHSEI undertook a repeat review in December 2019 alongside the CQC inspection and the resulting report was published in April 2020. The aim of the Use of Resources assessment is to understand how effectively the Trust is using its resources to provide high quality, efficient and sustainable care for patients. NHSEI found that although some actions had been taken to improve workforce and service productivity, it was too early to evaluate their impact. The metrics associated with the costs of delivering activity had not yet been updated and several initiatives had either recently been implemented or were just being scoped. For areas where the assessment data had been updated, the Trust's performance is variable. The Trust continues to compare well against some clinical services productivity metrics but its performance against constitutional standards has declined and its financial position has deteriorated.

Overall the Trust was rated as 'requires improvement' for Use of Resources, reflecting the Trust's financial deficit and inability to consistently achieve the constitutional operational standards.

The report identified a number of areas as having scope for improvement, including initiatives to reduce length of stay, improve performance against constitutional operational standards, identify and drive transformational cost improvement programmes and review the workforce model and recruitment strategies to identify and implement innovative ways to address workforce gaps.

A formal response to the Use of Resources assessment will be established and submitted to NHSEI, to set out the actions we will take as part of our 'journey to outstanding'. Implementation of the UOR action plan will be an important areas of focus for 2020/21 and the Trust will be implementing the following initial actions:

- Identify appropriate leads to drive the pace of change across the areas of required improvement, where these are not already identified;
- Integrate the Use of Resources response action plan within the overarching response to the CQC report and associated governance, through the Quality Programme Board.

**Information Governance and Cyber Security**
The Trust has in place a Cyber Code of Conduct and Information Governance procedures which set out the Trust's commitment to ensuring that information is efficiently and effectively handled, managed and safeguarded.

This policy framework is supported by an information governance structure including:
- Information Governance Steering Group
- Caldicott Advisory Group
- Digital Transformation Committee

The Chief Information Officer is the Trust's Senior Information Risk Owner (SIRO), reporting to the Board of Directors, and the Medical Director is the Trust's Caldicott Guardian. Senior managers across the Trust are information asset owners, accountable for a particular group of information assets under the Information Governance policy and management framework.

2019/20 has seen an expansion to both the Information Governance and the IT Security teams and additional resources identified to help oversee daily information governance and IT security operations. The Trust works collaboratively with other Social and Healthcare Organisations, from an Information Governance and IT Security perspective, within the Norfolk and Waveney STP to share common concerns, knowledge, skills, and learnings and support each other to ensure that there are sufficient assurances in the handling of personal and confidential information and Cyber Security.
Personal data related incidents are reported through the Trust Incident Reporting System. The lessons learnt are shared with staff members and they enable the Trust to review and continually improve its information Governance processes for the safekeeping of personal information and to ensure compliance with data protection legislation and Caldicott principles.

During 2019/20, the Trust recorded 3 Level 2 reportable information governance incidents. These cases have been reported to the Information Commissioner's Office (ICO) and have been concluded with no further action required.

A summary of Level 1 and 2 data-related incidents reported during the year is shown below:

| Category | Breach Type | Level 1 | Level 2 |
|---|---|---|---|
| **A** | Corruption or inability to recover electronic data | 0 | 0 |
| **B** | Disclosed in Error | 13 | 1 |
| **C** | Lost in Transit | 0 | 0 |
| **D** | Lost or stolen hardware | 0 | 0 |
| **E** | Lost or stolen paperwork | 1 | 0 |
| **F** | Non-secure Disposal – hardware | 0 | 0 |
| **G** | Non-secure Disposal – paperwork | 2 | 1 |
| **H** | Uploaded to website in error | 0 | 0 |
| **I** | Technical security failing (including hacking) | 0 | 0 |
| **J** | Unauthorised access/disclosure | 4 | 2 |
| **K** | Other | 1 | 0 |
| **Total** | | **21** | **4** |

The Data Security and Protection Toolkit (DSPT) is a NHS Digital online self-assessment tool that allows Trusts to measure their performance against the National Data Guardian's 10 data security standards. The Trust completes a DSPT self-assessment every year and for 2019-20 a number of changes were made in order to:

- Respond to lessons learned and direct feedback from users following the first year of the DSPT
- Improve the targeting of requirements to different categories of organisations
- Rationalise some of the General Data Protection Regulation (GDPR) evidence items which are now considered "business as usual"
- Incorporate the requirements of Cyber Essentials and the Minimum Cyber Security Standard (MCSS) for relevant larger NHS organisations
- Incorporate key elements of the Network and Information Systems (NIS) Regulations 2018 Cyber Assessment Framework (CAF) for relevant larger NHS organisations as advised by the National Cyber Security Centre

In response to the Covid-19 pandemic, NHS Digital extended the date for formal submission of the DSP Toolkit evidence to 30 September 2020. The Trust has a work-programme and an action plan in place for the successful delivery of the DSPT. An internal audit was undertaken by the Trust Internal Auditors in February 2020 to validate the DSPT work programme and help provide assurance of data security and identify common problem areas. This audit review was focused on the mandatory elements for the data security standards 1, 5, 6 and 9. Areas of non-compliance with the DSPT assertion requirements were identified and an action plan with appropriate monitoring has been established.

The Trust continues to raise awareness of Information Governance and the importance of protecting personal information with its staff through a comprehensive training programme available by various means online and face-to-face. To complement this learning, relevant policies, guidance and best practice are made available to staff members via the Trust's intranet.

**Data quality and associated governance**

There are a number of controls in place across the Trust that provide assurance to the Board with regards to the controls in place concerning Data Quality and Accuracy of Data. The Trust has an experienced Data Quality Manager and Data Quality Team. To facilitate joint working and exchange of information, this team is closely affiliated to the Commissioning and Income Team.

The Data Quality Team maintain and manage a suite of policy documents for application across the Trust. These include a Data Quality Policy & Strategy; Patient Demographics; Referral to Treatment Access Policy and numerous Standard Operating Procedures. The Team also provide training for Trust staff and audit compliance with data collection and reporting requirements with particular regard to elective waiting time data. The Trust also retains the services of specialised and skilled coding and informatics staff to produce and analyse data and to ensure the accuracy of reporting.

Three key audit programmes are in place with regard to Data Quality:

i) *Referral to Treatment 18 Week Rolling audits*: carried out at a speciality level on a rolling basis, these audits give assurance over the accuracy of data relating to Performance Standards (focussing on RTT Standard) and adherence to policy; as well as compliance to National Rules. The audit results are reviewed through the Trust Assurance Group (TAG);
ii) *Key Systems Audit Programme*: this programme supports reporting of clinical income and provides assurance from standalone systems, to ensure the Trust is able to report correctly attracting the correct level of income from clinical activity and to ensure that information used in Service Line Reporting is accurate, valid, reliable, timely, relevant and complete. Reporting of audit results is taken through the Information Governance Steering Group;
iii) *Clinical Threshold / Individual Funding Requirement:* Weekly and monthly audit work is undertaken to confirm compliance with policy statements agreed with local Clinical Commissioning Groups.

In addition the Data Quality Team support a monthly validation process (with particular focus on RTT clock starts, stops & coding).

Further opportunities for improvement in relation to Data Quality have been identified, to include an extended role for the Data Quality function and a strengthened/deepened reporting and governance structure, but these will require additional resource. Internal audit reports in 2018/19 concluded that the Board could take 'reasonable assurance' with regard to Data Quality in both A&E performance reporting and with respect to relevant cancer metrics. The Trust reports consistently in the upper quartile against the Data Quality (SUS) Dashboard, performing well against both local benchmarks and significantly above the National Average. The Trust also performs consistently strongly in the Data Quality Maturity Index quarterly report. This metric confirms completeness of data.

Information to support the quality metrics used in the reporting on quality is held in a number of Trust systems, including Datix (electronic risk management system), PAS (patient administration database) Telepath (electronic pathology system) and ICNet (infection control system). The data is utilised day-to-day in the Trust's operations and, where appropriate, it is submitted to the National Information Centre, which operates national checks to ensure its reliability and accuracy. Further quality data is drawn from the reports that are produced for the Clinical Safety Sub-Board and the Patient Engagement and Experience Sub-Board.

**Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the executive managers and clinical leads who have responsibility for the development and maintenance of the internal control framework. I have drawn on performance information available to me. My review is also informed by comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, Audit Committee, Quality and Safety Committee and Finance, Investments & Performance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Board of Directors has met regularly throughout the year and has kept arrangements for internal control under review through discussion and approval of policies and practice and monitoring metrics that are agreed as indicative of effective controls. The Board reviews a monthly Integrated Performance Report covering a wide range of performance metrics – these show the key relevant national priority and regulatory indicators, with additional sections devoted to safety, clinical effectiveness and patient experience. This monthly integrated summary is supplemented by more detailed briefings on areas of notable or adverse performance. The selection of appropriate metrics is subject to regular review by the Board, with changes in priorities or areas of concern reflected in that selection.

The Audit Committee has reviewed the overall framework for internal control and the Trust's Organisational Framework for Governance, and has recommended this statement to the Board of Directors.

The result of the external auditors' work on the annual accounts and annual report are also a key assurance. Other external assurance is provided by CQC intelligent monitoring reports, the outcomes of the clinical audit programme and the results of reviews and inspections by external organisations and our internal audit programme.

***Clinical Audit as part of the internal control framework:***
The Trust has systems and controls in place to ensure that high quality clinical audits are conducted and their findings acted upon by all directorates and specialties across the Trust. There is a Trust Medical Lead for Clinical Audit and each specialty within a directorate has its own clinical audit lead. The Trust Clinical Audit Lead, the Clinical Effectiveness and Improvement Manager and specialty audit leads are responsible for developing, monitoring and reporting an annual clinical audit programme that reflects local and/or Trust issues around service quality or patient safety. The Clinical Audit Plan is subject to review by the Board's Audit Committee and Quality and Safety Committee.

All clinical audit projects are registered on an electronic system and monitored to completion and subsequent re-audit. The Medical Audit Lead is a member of the Trust's Clinical Safety and Effectiveness Governance Sub-Board which is accountable to, and reports audit activity to, the Hospital Management Board. Clinical Audit is therefore a key element of our governance arrangements for ensuring compliance with key standards and best practice.

During 2019/20, 98% of the planned clinical audits relating to national requirements were completed or in progress. The remaining 1 (2%) was abandoned by the national programme and did not run in the 19/20 cycle. 95% of the audits relating to local initiatives were also either completed or underway and a further 73 'additional-to-plan' audits were completed in 2019/20. The key successes, key concerns, key actions of each completed clinical audit on the Trust Audit Plan is reported to the Clinical Safety and Effectiveness Governance Sub-Board, in addition to review through the divisional and speciality governance structure. Twice a year a Clinical Audit OWL (Organisation Wide Learning) newsletter is distributed Trust-wide. This year the OWL has included outputs from audits for Dementia, Surgical Safety Checklists and the Trauma Audit Research Network (TARN).

***Internal Audit as part of the internal control framework:***
In addition to Clinical Audit, the Internal Audit plan is a risk based programme of reviews based on areas of management concern, emerging risks, and national and historical experience. The Plan is informed by previous internal and external audit work and discussion with the Executive Team.

The Trust's internal audit function is outsourced (to provide enhanced objectivity) and is currently provided by RSM. The work of internal audit is overseen by the Trust's Audit Committee which agrees the audit plan and it covers risk management, governance and internal control processes across the Trust – including financial management and control, human resources and operational governance. A report is produced at the conclusion of

each audit assignment and, where scope for improvement is found, recommendations are made and appropriate action plans agreed with management. Reports are issued to and followed up with the responsible Executive Directors, and the results of audit work are reported to the Audit Committee.

During 2019/20, Internal Audit completed 11 audits resulting in a formal assurance opinion. Of these, 6 confirmed that the Board could take either substantial or reasonable assurance that effective controls are in place. In 5 areas, ((i) Contract Management; (ii) Incident Management; (iii) Premium Pay; (iv) Medical Devices; and Payroll) the result was a partial assurance report. In each of these, actions to implement all recommendations are identified and progress in implementing these actions is followed-up and regularly reported to the Audit Committee.

Based on the work undertaken in 2019/20, the Head of Internal Audit has concluded: *"the organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective".*

**Significant internal control issues**

During 2019/20 the Executive, Management Board and the Board of Directors have considered and reflected on the significant risks and challenges facing the Trust, as indicated and highlighted by our internal governance framework and discussion and feedback with regulators. The Board of Directors has identified the following significant internal control issues for the Trust:

- **Digital immaturity**: assessment against international standard criteria shows that the Norfolk & Waveney STP area is the least digitally developed of any in the NHS in England. The Trust's position in the lowest 5% of secondary care providers (scoring of 0.2/5) reveals the size of the challenge and is typified by our reliance on paper-based medical records and a plethora of separate clinical databases and applications with limited functionality and interoperability. Inadequacy of the digital infrastructure in the Trust has continued to impact negatively on the Trust's ability to achieve its potential in terms of operational efficiency, effectiveness and quality improvement. The Board has taken a number of steps to improve the position, notably through investment in an Electronic Document Management System and an E-Obs system but ultimately implementation of an Electronic Patient Record (EPR) system will be essential.

- **Imbalance between demand and capacity:** Increased demand and insufficient capacity has again impacted during the year on the Trust's ability to deliver key operational and financial performance targets in relation to both emergency and elective care. Our elective waiting lists have increased and performance against the ED targets has fallen, whilst we have been driven to use escalation areas and expensive temporary staff and facilities. The Trust is developing additional physical capacity (isolation unit, ward block and interventional radiology unit) and has continued to take actions internally to improve patient flow, as well as working with STP partners to reduce delayed transfers of care and to scope opportunities for services to be provided elsewhere within the local health economy.

- **Financial sustainability:** The Trust is operating at a significant financial deficit and has been unable to deliver against budget on either income or expenditure. There is a need to enhance performance in relation to financial planning and controls but also to address the underlying strategic drivers of the deficit to ensure the longer term financial sustainability of the Trust. During 2020/21, the Trust will be working in collaboration with system partners and regulators to establish a robust and effective Medium Term Financial Strategy.

- **Capital and Estates constraints:** Insufficient capital funding and decant capacity has again impacted during the year on progress in addressing estates backlog maintenance and statutory compliance priorities (including in relation to clinical risk, operational performance and medicines management). The Trust has taken a risk-based approach to prioritising investment within the capital resources available and has continued to escalate and work closely with its regulators on these issues.

- **Staff welfare:** Our response to the Covid 19 pandemic has necessitated a fundamental review of our facilities to support staff – including rest areas, changing facilities, catering, parking and leisure/welfare options. This has highlighted inadequacies in our current infrastructure mitigated in part through installation of temporary showers, catering facilities, parking and accommodation. To ensure the sustainability of the Trust, it will be necessary to identify sustainable solutions to remedy these inadequacies.

**Conclusion**

My review confirms that Norfolk and Norwich University Hospitals NHS Foundation Trust has a sound system of internal controls that supports the achievement of its policies, aims and objectives. Both operational and financial sustainability however remain significant risks for the Trust and its ability to achieve key performance targets and the Trust's Strategic Objectives. This is evident in a number of the most significant challenges that we face – in the pressure on our ED; in the need to use escalation space to accommodate patients; our persistent financial deficit; and in the frustration that our staff can experience when we do not have the capacity to provide the timely high quality services to which we all aspire.

I am satisfied that the significant internal control issues that have been identified in this review have appropriate action plans in place or in development to help mitigate the associated risks and are subject to appropriate review, monitoring and escalation both internally and externally.

In his 2019/20 Annual Opinion, the Head of Internal Audit concluded *"the organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective".* I have taken careful note of that opinion, in addition to those of the CQC and NHSI as referenced above. These accord with my own assessment that whilst much has been done, there is still more to do. The Trust remains resolute in its commitment to continuous improvement and to enhancing its financial and operational sustainability, in order to maintain its journey to being 'outstanding' in its delivery of the best possible care to our patients.

**Signed:**

**Sam Higginson**
**Chief Executive**

**Date: 27 May 2020**

## Approval of the Accountability Report

I confirm my approval of the Accountability Report.

**Sam Higginson**
**Chief Executive**

**Date: 27 May 2020**

# Financial Accounts

# FINANCIAL STATEMENTS
# FOR THE YEAR ENDED 31 MARCH 2020

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## Contents

# Independent auditor's report to the Council of Governors of Norfolk and Norwich University Hospitals NHS Foundation Trust

## . REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### 1. Our opinion is unmodified

We have audited the financial statements of Norfolk and Norwich University Hospitals NHS Foundation Trust ("the Trust") for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows, and the related notes, including the accounting policies in note 1.

In our opinion:

— the financial statements give a true and fair view of the state of the Trust's affairs as at 31 March 2020 and of its income and expenditure for the year then ended; and

— the Trust's financial statements have been properly prepared in accordance with the Accounts Direction issued under paragraphs 24 and 25 of Schedule 7 of the National Health Service Act 2006, the NHS Foundation Trust Annual Reporting Manual 2019/20 and the Department of Health and Social Care Group Accounting Manual 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Trust in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

| Overview | |
|---|---|
| **Materiality:** financial statements as a whole | £12.4m (2018/19:£12m)<br>1.8% (2018/19: 2%) of total income |

| Risks of material misstatement | | vs 2018/19 |
|---|---|---|
| **Recurring risks** | Valuation of land and buildings | ▲ |
| | Revenue Recognition | ◄► |
| | Fraudulent expenditure recognition | ◄► |

## 2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

We continued to perform procedures over going concern. However, due to changes in the NHS cash regime we no longer consider there to be material uncertainty related to going concern and this not separately identified as a key audit matter in our report this year.

| | The risk | Our response |
|---|---|---|
| **Valuation of land and buildings**<br><br>(£228 million; 2018/19: £213 million)<br><br>*Refer to pages 17 to 20 (accounting policy) and pages 34 to 36 (financial disclosures)* | **Subjective valuation**<br><br>Land and buildings are required to be held at current value in existing use. The Trust's main land and buildings relate to a hospital built under the Private Finance Initiative (PFI) at Colney Lane, Norwich.<br><br>As hospital buildings are specialised assets they are valued at the depreciated replacement cost of a modern equivalent asset that has the same service potential of the existing asset.<br><br>In the current year the Trust commissioned its valuer to perform a full valuation of the Trust's estate at 31 March 2020.<br><br>The valuation of land and buildings relies on the expertise of the valuer and the appropriateness of the assumptions adopted.<br><br>The effect of these matters is that, as part of our risk assessment, we determined that the valuation of land and buildings has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.<br><br>**Disclosure Quality**<br><br>There is a risk that uncertainties expressed by the Trust's valuer relating to the impact of the Covid-19 pandemic on market-based valuations of land and buildings will be inappropriately disclosed. | Our procedures included:<br><br>— **Assessing valuer's credentials:** We assessed the scope, qualifications and experience of the valuer and the overall methodology of the valuation performed to identify whether the approach was in line with industry practice and the valuer was appropriately experienced and qualified to undertake the valuation;<br><br>— **Benchmarking assumptions:** We compared the valuer's assumptions to externally derived data by comparing to other available indices provided by our internal valuation specialist to determine whether they are indicative of local market conditions;<br><br>— **Test of detail:** We reviewed the valuation of any additions to land and buildings made during the year to ensure that an appropriate valuation basis had been applied; and<br><br>– **Review of correspondence:** We reviewed board meeting minutes to identify any changes in use of the Trust's land and/or buildings, which could lead to a change in the valuation; and<br><br>– **Assessing transparency**<br><br>– Specifically we considered the adequacy of disclosures of the uncertainty caused by the Covid-19 pandemic on market data used to underpin the valuer's assumptions relating to assets valued at current value, and the Trust's consideration of these factors when arriving at the year-end valuation figures.<br><br>– We agreed the disclosures to the requirements of the DHSC Group Accounting Manual 2019/20, supplemented by additional guidance issued by NHS Improvement in April 2020. |

## 2. Key audit matters: our assessment of risks of material misstatement (continued)

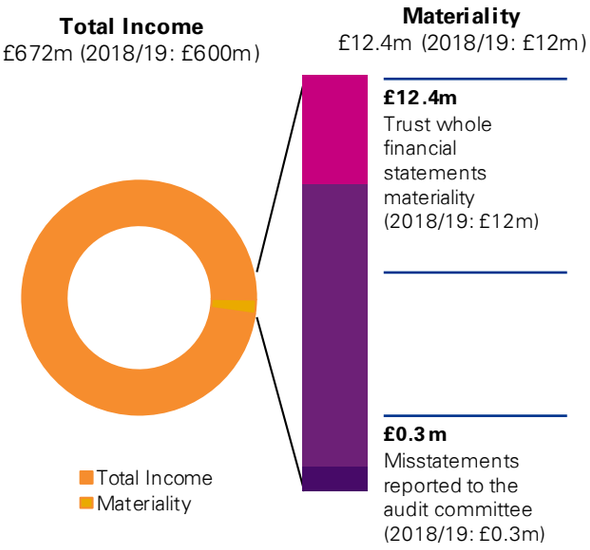
| | The risk | Our response |
|---|---|---|
| **NHS and non-NHS Revenue Recognition**<br><br>(£672 million; 2018/19: £600 million)<br><br>*Refer to pages 15 to 16 (accounting policy) and pages 28 to 29 (financial disclosures).* | **Subjective estimate:**<br><br>There is a risk that the Trust recognises income to which it is not entitled.<br><br>Of the Trust's reported total operating income, £571 million (2018/19, £512m) came from commissioners (Clinical Commissioning Groups (CCGs) and NHS England).<br><br>The majority of this income is contracted on an annual basis, however actual achievement is based on completing the planned level of activity and achieving key performance indicators (KPIs). If the Trust does not meet its contracted KPIs then commissioners are able to impose penalties, reducing the level of income achievement.<br><br>In 2019/20, the Trust received transformation funding from NHS Improvement. This is received subject to achieving defined financial and operational targets on a quarterly basis. The Trust received a total of £12.8 million transformation funding (2018/19: £nil).<br><br>An agreement of balances exercise is undertaken between all NHS bodies to agree the value of transactions during the year and the amounts owed at the year end. 'Mismatch' reports are available setting out discrepancies between the submitted balances from each party in transactions and variances over £300,000 are required to be reported to the National Audit Office to inform the audit of the Department of Health and Social Care consolidated accounts.<br><br>The Trust reported other operating income of £92.1million (2018/19: £78.6 million) from education and training, research and development, and other activities. The significant risk in relation to other operating income is deemed to relate to overstatement of revenue recognised around the year-end period. | Our procedures included:<br><br>— **Control operation:** we inspected documentation for a sample of commissioners to confirm that contracts had been agreed for the delivery of services;<br><br>— **Test of detail:** We obtained the outcome of the agreement of balances exercise with other NHS bodies. Where there were mismatches above £300k we sought explanations and supporting evidence to verify the Trust's entitlement to the receivable;<br><br>— **Test of detail:** we obtained copies of the signed contracts in place for the largest CCG commissioners and NHS England. For a sample of contracts, we reconciled the income per the contract to actual income recognised in the year and agreed variances to source documentation;<br><br>— **Test of detail:** for income not included in the agreement of balance exercise we agreed a sample of items to source documentation to assess whether revenue had been recognised appropriately;<br><br>— **Test of detail:** We reviewed invoices and credit notes relating to other operating income raised around the year end date to assess whether income had been recognised in the correct accounting period. |
| **Non-pay expenditure recognition**<br><br>Accruals (£23 million; 2018/19 £27 million)<br><br>Provisions (£5 million; 2018/19 £2 million)<br><br>*Refer to pages 23 and 24 (accounting policy) and pages 38 and 42 to 43 (financial disclosures)* | **Effects of irregularities:**<br><br>- There is a risk that the Trust may seek to improve it's financial position by the manipulation of expenditure recognition (for example by deferring expenditure to a later period through the understatement of liabilities at year end).<br><br>- We consider the risk to specifically relate to accruals and provisions, as they represent the key mechanism for management to manipulate the year-end expenditure outturn. | Our procedures included:<br><br>— **Control operations:** we considered the design and implementation of appropriate segregation of duties controls in the accounts payable process (i.e. the approval of purchase orders and invoices for payment) between those responsible for delivering services and those preparing the financial statements (Finance Team) which helps to prevent fraudulent manipulation of expenditure;<br><br>— **Test of detail:** we performed a year-on-year review of accruals and provisions, and sought explanation for significant movements;<br><br>— **Test of detail:** we tested payments made and invoices received in April 2020 to identify whether they indicated that an accrual or provision should have been recognised at the balance sheet date. We performed a sample test of accruals and provisions to supporting evidence to assess whether these were complete and accurate.<br><br>— **Test of detail:** Based on our sector knowledge we challenged the basis on which provisions were made and agreed them to underlying records. |

## 3. Our application of materiality

Materiality for the Trust financial statements as a whole was set at £12.4 million (2018/19: £12 million), determined with reference to a benchmark of total income (of which it represents approximately 1.8%). We consider total income to be more stable than a surplus- or deficit-related benchmark.

We agreed to report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £0.3 million (2018/19:(£0.3 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the Trust was undertaken to the materiality level specified above and was all performed at the Trust's headquarters in Norwich.




## 4. We have nothing to report on going concern

The Accounting Officer has prepared the financial statements on the going concern basis as they have not been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Accounting Officer's conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Trust will continue in operation.

In our evaluation of the Accounting Officer's conclusions, we considered the inherent risks to the Trust's business model and analysed how those risks might affect the Trust's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Trust's available financial resources over this period was:

- Uncertainty over the availability of future DHSC funding and ability to repay DHSC support loans.

As this was a risks that could potentially cast significant doubt on the Trust's ability to continue as a going concern, we considered sensitivities over the level of available financial resources indicated by the Trust's financial forecasts taking account of reasonably possible (but not unrealistic) adverse effects that could arise from these risks individually and collectively and evaluated the achievability of the actions the Accounting Officer consider they would take to improve the position should the risks materialise. We also considered less predictable but realistic second order impacts, such as the impact of Brexit.

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Based on this work, we are required to report to you if we have anything material to add or draw attention to in relation to the Accounting Officers statement in page 105 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Trust's use of that basis for a period of at least twelve months from the date of approval of the financial statements.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

## 5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

In our opinion the other information included in the Annual Report for the financial year is consistent with the financial statements

Remuneration report

In our opinion the part of the remuneration report to be audited has been properly prepared in accordance with the NHS Foundation Trust Annual Reporting Manual 2019/20

KPMG

### Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for stakeholders to assess the Trust's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- the Annual Governance Statement does not reflect the disclosure requirements set out in the NHS Foundation Trust Annual Reporting Manual 2019/20, is misleading or is not consistent with our knowledge of the Trust and other information of which we are aware from our audit of the financial statements.

We have nothing to report in these respects.

## 6. Respective responsibilities

### Accounting Officer's responsibilities

As explained more fully in the statement set out on page 105, the Accounting Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Trust without the transfer of its services to another public sector entity

### Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

## REPORT ON OTHER LEGAL AND REGULATORY MATTERS

### We have nothing to report on the statutory reporting matters

We are required by Schedule 2 to the Code of Audit Practice issued by the Comptroller and Auditor General ('the Code of Audit Practice') to report to you if:

- any reports to the regulator have been made under Schedule 10(6) of the National Health Service Act 2006.
- any matters have been reported in the public interest under Schedule 10(3) of the National Health Service Act 2006 in the course of, or at the end of the audit.

We have nothing to report in these respects.

### Our conclusion on the Trust's arrangements for securing economy efficiency and effectiveness in the use of resources is adverse

Under the Code of Audit Practice we are required to report to you if the Trust has not made proper arrangement for securing economy, efficiency and effectiveness in the use of resources.

### Adverse conclusion

As a result of the matters outlined in the basis for adverse conclusion paragraph below, we are unable to satisfy ourselves that, in all significant respects Norfolk and Norwich University Hospitals NHS Foundation Trust put in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2020.

### Basis for adverse conclusion

The Trust's outturn position for 2019/20 is a deficit of £54.8 million which represents a £33.4 million deterioration against its budget of a £21.4 million deficit. The Trust has £169 million of interim revenue support facility borrowings from the Department of Health and Social Care at year end.

The Trust does not currently have agreed plans in place to return to breakeven in the medium term.

In June 2018 the Trust was placed in special measures by the CQC. and retained that status during 2019/20. The Trust was taken out of special measures when the CQC reported in April 2020, but it has retained it's rating of "requires improvement".

### Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

The Trust is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in the use of resources

Under Section 62(1) and Schedule 10 paragraph 1(d), of the National Health Service Act 2006 we have a duty to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the specified criterion issued by the Comptroller and Auditor General (C&AG) in 2018/19, as to whether the Trust had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We planned our work in accordance with the Code of Audit Practice and related guidance. Based on our risk assessment, we undertook such work as we considered necessary.

### Report on our review of the adequacy of arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required by guidance issued by the C&AG under Paragraph 9 of Schedule 6 to the Local Audit and Accountability Act 2014 to report on how our work addressed any identified significant risks to our conclusion on the adequacy of the Trust's arrangements for securing economy, efficiency and effectiveness in the use of resources. The 'risk' in this case is the risk that we could come to an incorrect conclusion in respect of the Trust's arrangements, rather than the risk of the arrangements themselves being inadequate.

We carry out a risk assessment to determine the nature and extent of further work that may be required. Our risk assessment includes consideration of the significance of business and operational risks facing the Trust, insofar as they relate to 'proper arrangements'. This includes sector and organisation level risks and draws on relevant cost and performance information as appropriate, as well as the results of reviews by inspectorates, review agencies and other relevant bodies.

The significant risks identified during our risk assessment are set out below together with the findings from the work we carried out on each area.

## Report on our review of the adequacy of arrangements for securing economy, efficiency and effectiveness in the use of resources (continued)

| Significant risk | Description | Work carried out and judgements |
|---|---|---|
| **Financial sustainability** | The NAO Code of Audit Practice requires us to consider 'sustainable resource deployment'.<br><br>The ongoing financial position and its reliance on support from NHS Improvement exposes the Trust to operational and financial challenges in terms of financial sustainability. | Our work included:<br><br>• Review of the Trust's financial performance for the year, taking into account PSF and FRF funding unlocked in assessing performance against budget;<br><br>• Review of financial forecasts, including management's assessment of the Trust's ability to continue as a going concern;<br><br>• Overall assessment of the Trust's financial sustainability , including the review of cash flow requirements and the achievement of ongoing cost improvement plans.<br><br>**Our findings on this risk area:**<br><br>The Trust's outturn position for 2019/20 is a deficit of £54.8 million. The £54.8 million deficit represents a £33.4 million deterioration against its budget of a £21.4 million deficit.<br><br>The Trust's deficit, deterioration against plan, and future borrowing requirements are evidence of weaknesses in proper arrangements for planning finances effectively to support the sustainable delivery of the Trust's strategic priorities. |

| Significant risk | Description | Work carried out and judgements |
|---|---|---|
| **Informed decision making** | In June 2018 the Trust was placed into special measures after being rated inadequate by the CQC. The Trust retained this status throughout 2019/20.<br><br>The CQC reported in April 2020 and the Trust's rating has remained as 'requires improvement', although the Trust has been taken out of special measures. | Our work included:<br><br>— Reviewing the CQC's reports on the Trust during the year; and<br><br>— Reviewing the Trust's action plan in response to the CQC findings.<br><br>**Our findings on this risk area:**<br><br>The Trust remained in special measures throughout the year and until April 2020. This is evidence of weaknesses in the Trust's arrangements for informed decision making. |

### THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006 and the terms of our engagement by the Trust. Our audit work has been undertaken so that we might state to the Council of Governors of the Trust, as a body, those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Trust, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council of Governors of the Trust, as a body, for our audit work, for this report, or for the opinions we have formed.

### CERTIFICATE OF COMPLETION OF THE AUDIT

We certify that we have completed the audit of the accounts of Norfolk and Norwich University Hospitals NHS Foundation Trust in accordance with the requirements of Schedule 10 of the National Health Service Act 2006 and the Code of Audit Practice issued by the National Audit Office.

SBeavis

**Stephanie Beavis**
**for and on behalf of KPMG LLP (Statutory Auditor)**

*Chartered Accountants*
Dragonfly House
2 Gilders Way,
Norwich,
NR3 1UB
29 May 2020

KPMG

## Foreword to the Accounts

These accounts, for the year ended 31 March 2020, have been prepared by the Norfolk and Norwich University Hospitals NHS Foundation Trust in accordance with paragraphs 24 & 25 of Schedule 7 within the National Health Service Act 2006.

Signed.....

Sam Higginson
Chief Executive

Date: 27 May 2020

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

| STATEMENT OF COMPREHENSIVE INCOME | Note | Year ended 31 March 2020 £'000 | Year ended 31 March 2019 £'000 |
|---|---|---|---|
| Operating income | 3 | 578,425 | 520,914 |
| Other operating income | 4 | 93,171 | 79,215 |
| Operating expenses | 6 | (692,050) | (628,584) |
| **OPERATING (DEFICIT)** | | **(20,454)** | **(28,455)** |
| **FINANCE INCOME AND EXPENSES** | | | |
| Finance income | 12 | 208 | 160 |
| Finance expense - financial liabilities, including unwinding of discount on provisions | 14 | (34,536) | (32,347) |
| **NET FINANCE COSTS** | | **(34,328)** | **(32,187)** |
| **(DEFICIT) FOR THE YEAR** | | **(54,782)** | **(60,642)** |
| **Other comprehensive income** | | | |
| Impairments | 15 | (2,098) | 0 |
| Revaluations | 15 | 12,481 | 0 |
| **TOTAL COMPREHENSIVE (EXPENSE) FOR THE YEAR** | | **(44,399)** | **(60,642)** |

The accompanying notes form an integral part of the Financial Statements

# STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

| STATEMENT OF FINANCIAL POSITION | Note | 31 March 2020 £'000 | 31 March 2019 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 15 | 268,112 | 232,598 |
| Trade and other receivables | 18 | 85,484 | 78,154 |
| **Total non-current assets** | | **353,596** | **310,752** |
| **Current assets** | | | |
| Inventories | 17 | 11,865 | 10,438 |
| Trade and other receivables | 18 | 35,135 | 29,639 |
| Cash and cash equivalents | 19 | 13,432 | 7,462 |
| **Total current assets** | | **60,432** | **47,539** |
| **Current liabilities** | | | |
| Trade and other payables | 20 | (68,824) | (65,376) |
| Other liabilities | 22 | (14,833) | (5,851) |
| Borrowings | 21 | (199,270) | (24,890) |
| Provisions | 25 | (453) | (282) |
| **Total current liabilities** | | **(283,380)** | **(96,399)** |
| **Total assets less current liabilities** | | **130,648** | **261,892** |
| **Non-current liabilities** | | | |
| Other liabilities | 22 | (3,515) | (5,875) |
| Borrowings | 21 | (187,403) | (280,859) |
| Provisions | 25 | (4,572) | (2,128) |
| **Total non-current liabilities** | | **(195,490)** | **(288,862)** |
| **Total assets employed** | | **(64,842)** | **(26,970)** |
| **Financed by (taxpayers' equity)** | | | |
| Public dividend capital | | 38,436 | 31,909 |
| Revaluation reserve | | 25,328 | 14,968 |
| Income and expenditure reserve | | (128,606) | (73,847) |
| **Total taxpayers' equity** | | **(64,842)** | **(26,970)** |

The financial statements on pages 11 to 47 were approved by the Board on 27 May 2020 and signed on its behalf by:

Signed: .....(Chief Executive) Date: 27 May 2020

The accompanying notes form an integral part of the Financial Statements

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2020

| | Public dividend capital | Revaluation reserve | Income and expenditure reserve | Total Taxpayers' Equity |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| **Taxpayers' equity at 1 April 2019** | **31,909** | **14,968** | **(73,847)** | **(26,970)** |
| Deficit for the year | 0 | 0 | (54,782) | **(54,782)** |
| Other transfers between reserves | 0 | (23) | 23 | **0** |
| Impairments | 0 | (2,098) | 0 | **(2,098)** |
| Revaluations | 0 | 12,481 | 0 | **12,481** |
| Public dividend capital received | 6,527 | 0 | 0 | **6,527** |
| **Taxpayers' equity at 31 March 2020** | **38,436** | **25,328** | **(128,606)** | **(64,842)** |

The accompanying notes form an integral part of the Financial Statements

## STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2019

| | Public dividend capital | Revaluation reserve | Income and expenditure reserve | Total Taxpayers' Equity |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| **Taxpayers' equity at 1 April 2018** | **28,408** | **15,002** | **(13,239)** | **30,171** |
| Deficit for the year | 0 | 0 | (60,642) | **(60,642)** |
| Other transfers between reserves | 0 | (34) | 34 | **0** |
| Public dividend capital received | 3,501 | 0 | 0 | **3,501** |
| **Taxpayers' equity at 31 March 2019** | **31,909** | **14,968** | **(73,847)** | **(26,970)** |

The accompanying notes form an integral part of the Financial Statements

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

| | Note | Year ended 31 March 2020 £'000 | Year ended 31 March 2019 £'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating (deficit) | | (20,454) | (28,455) |
| **Operating (deficit)** | | **(20,454)** | **(28,455)** |
| **Non-cash income and expense:** | | | |
| Depreciation | 6 | 10,072 | 10,438 |
| Loss / (Profit) on disposal of non-current assets | | 509 | (23) |
| Income recognised in respect of capital donations (cash and non-cash) | | (3,805) | (1,157) |
| (Increase) in trade and other receivables | | (5,840) | (1,484) |
| (Increase) in inventories | | (1,427) | (1,069) |
| (Decrease) / Increase in trade and other payables | | (30) | 9,132 |
| Increase / (Decrease) in provisions | | 2,626 | (62) |
| **Net cash used in operations** | | **(18,349)** | **(12,680)** |
| **Cash flows from investing activities** | | | |
| Interest received | 12 | 202 | 155 |
| Purchase of property, plant, equipment and investment property | | (29,330) | (15,259) |
| Sales of property, plant, equipment and investment property | | 43 | 1,531 |
| Receipt of cash donations to purchase capital assets | | 500 | 0 |
| **Net cash used in investing activities** | | **(28,585)** | **(13,573)** |
| **Cash flows from financing activities** | | | |
| Public dividend capital received | | 6,527 | 3,501 |
| Movement on loans from the Department of Health | | 83,803 | 58,935 |
| Capital element of finance lease rental payments | | (182) | (174) |
| Capital element of PFI, LIFT and other service concession payments | | (2,912) | (2,673) |
| Interest paid on finance lease liabilities | | (8) | (16) |
| Interest paid on PFI, LIFT and other service concession obligations | | (30,963) | (30,382) |
| Other interest paid | | (3,361) | (1,504) |
| PDC dividend paid | | 0 | 295 |
| **Net cash from financing activities** | | **52,904** | **27,982** |
| **Increase in cash and cash equivalents** | 19 | 5,970 | 1,729 |
| **Cash and Cash equivalents at start of the year** | 19 | 7,462 | 5,733 |
| **Cash and Cash equivalents at 31 March** | 19 | **13,432** | **7,462** |

The accompanying notes form an integral part of the Financial Statements

# NOTES TO THE ACCOUNTS

## 1. Accounting Policies and Other Information

### 1.1 Basis of Preparation

NHS Improvement, in exercising the statutory functions conferred on Monitor, has directed that the financial statements of the trust shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the GAM 2019/20 issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the GAM permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

**Accounting convention**

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

### 1.2 Going Concern

The Board is required under IAS 1 Presentation of Financial Statements to assess as part of the accounts preparation process, the Trust's ability to continue as a going concern. The financial statements should be prepared on a going concern basis unless management intends, or has no alternative, but to apply to the Secretary of State for dissolution without transfer of its services to another entity.

These accounts have been prepared on a going concern basis and the factors taken into consideration in making this assessment are set out below.

The Trust reported a deficit of £54.8m in the year with a deficit of £60.6m in the previous year.

The Trust draft annual plan for 2020/21 was a deficit of £86.4m, compared to a given control total deficit of £34.8m. However, nationally the annual planning process has been paused as a result of the required focus and response to the COVID-19 virus pandemic for an initial four month period until 31 July 2020.

In that regard, funding for the four month period until 31 July 2020 has been confirmed. All NHS providers will receive a guaranteed minimum level of funding that should provide funds sufficient to deliver a break even position through the period. It will be through a 'block' arrangement with our commissioners along with a top up sufficient to enable costs including special COVID 19 costs to be fully met.

In addition, it has been announced that the NHS Cash and Capital Regimes for 2020/21 have been reformed. The reforms include the 'write off' of historic NHS debt and a move away from interest bearing loans for future interim revenue support which instead will be provided as PDC. This means that our NHS debt of £195.1m will be written off in 2020/21. The reforms also confirm that future revenue support will be available for exceptional short-term cash flow requirements and longer term revenue support for providers in financial distress.

Against that backdrop, the Board of Directors has carefully considered the principle of Going Concern. After making enquiries and considering the impact of the NHS cash reforms, in particular the assurance over funding for the period to 31 July, the write off of historic NHS debt and the assurance over revenue support for providers in financial distress, the Directors have a reasonable expectation that the Trust will have access to adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the accounts.

# NOTES TO THE ACCOUNTS

## 1.3 Interests in other entities

### NHS Charitable Fund

The NHS foundation trust is the corporate trustee to Norfolk and Norwich University Hospitals NHS Foundation Trust Charitable Fund. The foundation trust has assessed its relationship to the charitable fund and determined it to be a subsidiary because the foundation trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

Prior to 2013/14, the FT ARM permitted the NHS foundation trust not to consolidate the charitable fund. Since 2013/14 the Trust has chosen not to consolidate the charitable fund on the basis it is not material.

### Interests in Joint Operations

The Trust has a 58% interest in a joint operation for the provision of pathology services in Norfolk known as the Eastern Pathology Alliance (EPA). The arrangement has been effective from 1st November 2013, and has not involved the establishment of a separate entity.

Accordingly, the Trust's share of operating income and expenditure is included in these accounts.

## 1.4 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the Trust accrues income relating to performance obligations satisfied in that year. Where the Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

### Revenue from NHS contracts

The main source of income for the Trust is contracts with commissioners for health care services. A performance obligation relating to delivery of a spell of health care is generally satisfied over time as healthcare is received and consumed simultaneously by the customer as the Trust performs it. The customer in such a contract is the commissioner, but the customer benefits as services are provided to their patient. Even where a contract could be broken down into separate performance obligations, healthcare generally aligns with paragraph 22(b) of the Standard entailing a delivery of a series of goods or services that are substantially the same and have a similar pattern of transfer. At the year end, the Trust accrues income relating to activity delivered in that year, where a patient care spell is incomplete. This accrual is disclosed as a contract receivable as entitlement to payment for work completed is usually only dependent on the passage of time.

Revenue is recognised to the extent that collection of consideration is probable. Where contract challenges from commissioners are expected to be upheld, the Trust reflects this in the transaction price and derecognises the relevant portion of income.

Where the Trust is aware of a penalty based on contractual performance, the Trust reflects this in the transaction price for its recognition of revenue. Revenue is reduced by the value of the penalty.

The Trust does not receive income where a patient is readmitted within 30 days of discharge from a previous planned stay. This is considered an additional performance obligation to be satisfied under the original transaction price. An estimate of readmissions is made at the year end this portion of revenue is deferred as a contract liability.

The Trust receives income from commissioners under Commissioning for Quality and Innovation (CQUIN) schemes. The Trust agrees schemes with its commissioner but they affect how care is provided to patients. That is, the CQUIN payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the contract.

# NOTES TO THE ACCOUNTS

**Revenue from research contracts**

Where research contracts fall under IFRS 15, revenue is recognised as and when performance obligations are satisfied. For some contracts, it is assessed that the revenue project constitutes one performance obligation over the course of the multi-year contract. In these cases it is assessed that the Trust's interim performance does not create an asset with alternative use for the Trust, and the Trust has an enforceable right to payment for the performance completed to date. It is therefore considered that the performance obligation is satisfied over time, and the Trust recognises revenue each year over the course of the contract.

**NHS injury cost recovery scheme**

The Trust receives income under the NHS injury cost recovery scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The Trust recognises the income when performance obligations are satisfied. In practical terms this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements of measuring expected credit losses over the lifetime of the asset.

**Provider sustainability fund (PSF) and Financial recovery fund (FRF)**

The PSF and FRF enable providers to earn income linked to the achievement of financial controls and performance targets. Income earned from the funds is accounted for as variable consideration.

**1.5 Other forms of income**

**Grants and donations**

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grant is used to fund capital expenditure, it is credited to the consolidated statement of comprehensive income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

**Apprenticeship service income**

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider, the corresponding notional expense is also recognised at the point of recognition for the benefit.

**1.6 Expenditure on employee benefits**

**Short-term employee benefits**

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees.

**Pension Costs**

*NHS Pension Scheme*

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employer, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The schemes are not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the schemes are accounted for as though they are defined contribution scheme: the cost to the trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to operating expenses at the time the Trust commits itself to the retirement, regardless of the method of payment.

**1.7 Expenditure on other goods and services**

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

# NOTES TO THE ACCOUNTS

## 1.8 Property, plant and equipment

### Recognition

Property, plant and equipment is capitalised where:

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to, the Trust;
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably
- the item has a cost of at least £5,000 ; or
- collectively, a number of items have a cost of at least £5,000 and individually have a cost of more than £250, where the assets are functionally interdependent, had broadly simultaneous purchase dates, are anticipated to have simultaneous disposal dates and are under single managerial control.
- Items form part of the initial equipping and setting-up cost of a new building, ward or unit, irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

### *Subsequent expenditure*

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance is charged to the Statement of Comprehensive Income in the period in which it is incurred.

### Measurement

### *Valuation*

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and location requirements of the services being provided.

## NOTES TO THE ACCOUNTS

A valuation of the Trusts Estate was carried out in 2019/2020 by the Trusts externally appointed independent valuer, Montagu Evans, Chartered Surveyors. The effective date of the valuation was 31 March 2020.
The revaluation basis for all of the Trusts Land and Buildings was depreciated replacement cost as a Modern Equivalent Asset, with the exception of the Residential Accommodation on the hospital campus and the office accommodation within the main hospital building.
These were valued as non specialised assets, accordingly were valued on a market value for existing use.
The valuation has been accounted for in the 2019/2020 accounts.

Valuation guidance issued by the Royal Institute of Chartered Surveyors states that valuations are performed net of VAT where the VAT is recoverable by the entity. This basis has been applied to the trust's Private Finance Initiative (PFI) scheme where the construction is completed by a special purpose vehicle and the costs have recoverable VAT for the Trust.

Assets in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23 - Borrowing Costs. Assets are revalued and depreciation commences when the assets are brought into use.

IT equipment, transport equipment, furniture and fittings and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

***Depreciation***

Items of property, plant and equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which have been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction and residual interests in off-Statement of Financial Position PFI contract assets are not depreciated until the asset is brought into use or reverts to the Trust, respectively.

***Revaluation gains and losses***

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating expenditure.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

# NOTES TO THE ACCOUNTS

***Impairments***

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

**De-recognition**

Assets intended for disposal are reclassified as 'held for sale' once all of the following criteria are met.The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their 'fair value less costs to sell'. Depreciation ceases to be charged. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

**Donated and grant funded assets**

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

**Private Finance Initiative (PFI) transactions**

PFI and LIFT transactions which meet the IFRIC 12 definition of a service concession, as interpreted in HM Treasury's FReM, are accounted for as 'on-Statement of Financial Position' by the Trust. In accordance with HM Treasury's FReM, the underlying assets are recognised as property, plant and equipment, together with an equivalent liability. Subsequently, the assets are accounted for as property, plant and equipment and/or intangible assets as appropriate.

The annual contract payments are apportioned between the repayment of the liability, a finance cost, the charges for services and lifecycle replacement of components of the asset. The element of the annual unitary payment increase due to cumulative indexation is treated as contingent rent and is expensed as incurred.

The service charge is recognised in operating expenses and the finance cost is charged to finance costs in the Statement of Comprehensive Income.

# NOTES TO THE ACCOUNTS

**Useful lives of property, plant and equipment**

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives is shown in the table below:

| | Min life Years | Max life Years |
|---|---|---|
| Buildings, excluding dwellings | 5 | 82 |
| Plant & machinery | 1 | 30 |
| Transport equipment | 5 | 12 |
| Information technology | 1 | 10 |
| Furniture & fittings | 5 | 15 |

Finance-leased assets (including land) are depreciated over the shorter of the useful life or the lease term, unless the Trust expects to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets above.

**1.9 Inventories**

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is measured using the first in, first out (FIFO) method.

**1.10 Cash and cash equivalents**

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**1.11 Carbon Reduction Commitment scheme (CRC)**

The CRC scheme is a mandatory cap and trade scheme for non-transport CO2 emissions. The Trust is registered with the CRC scheme, and is therefore required to surrender to the Government an allowance for every tonne of CO2 it emits during the financial year. A liability and related expense is recognised in respect of this obligation as CO2 emissions are made.

The carrying amount of the liability at the financial year end will therefore reflect the CO2 emissions that have been made during that financial year, less the allowances (if any) surrendered voluntarily during the financial year in respect of that financial year.

The liability will be measured at the amount expected to be incurred in settling the obligation. This will be the cost of the number of allowances required to settle the obligation.

# NOTES TO THE ACCOUNTS

## 1.12 Financial assets and financial liabilities

### Recognition

Financial assets and financial liabilities arise where the Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

### Classification and measurement

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets or financial liabilities in respect of assets acquired or disposed of through finance leases are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets are classified as subsequently measured at amortised cost.

Financial liabilities classified as subsequently measured at amortised cost.

### Financial assets and financial liabilities at amortised cost

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

# NOTES TO THE ACCOUNTS

**Impairment of financial assets**

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.
The Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

Expected credit losses for assets relating to Non NHS bodies are determined by reference to an unbiased probability-weighted approach using recent actual recovery experience. A separate assessment is employed for each of the main sources of Non NHS income.

Expected credit losses in relation to NHS bodies are not normally recognised. They are subject to a separate credit note risk assessment.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

**De-recognition**

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

**1.13 Leases**

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

**The Trust as a lessee**

***Finance leases***

Where substantially all risks and rewards of ownership of a leased asset are borne by the Trust, the asset is recorded as property, plant and equipment and a corresponding liability is recorded. The value at which both are recognised is the lower of the fair value of the asset or the present value of the minimum lease payments, discounted using the interest rate implicit in the lease. The implicit interest rate is that which produces a constant periodic rate of interest on the outstanding liability.
The asset and liability are recognised at the commencement of the lease. Thereafter the asset is accounted for an item of property, plant and equipment.

The annual rental charge is split between the repayment of the liability and a finance cost so as to achieve a constant rate of finance over the life of the lease. The annual finance cost is charged to finance costs in the Statement of Comprehensive Income.

The lease liability is de-recognised when the liability is discharged, cancelled or expires.

# NOTES TO THE ACCOUNTS

***Operating leases***

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Lease incentives are recognised initially in other liabilities on the statement of financial position and subsequently as a reduction of rentals on a straight-line basis over the lease term.

Contingent rentals are recognised as an expense in the period in which they are incurred.

***Leases of land and buildings***

Where a lease is for land and buildings, the land component is separated from the building component and the classification for each is assessed separately.

**The Trust as a lessor**

***Finance leases***

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Trust's net investment outstanding in respect of the leases.

***Operating leases***

Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

**1.14 Provisions**

The Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation.

Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective for 31 March 2020:

| | | **Nominal rate** |
|---|---|---|
| Short-term | Up to 5 years | 0.51% |
| Medium-term | After 5 years up to 10 years | 0.55% |
| Long-term | Exceeding 10 years | 1.99% |

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective 31 March 2020:

| | **Inflation rate** |
|---|---|
| Year 1 | 1.90% |
| Year 2 | 2.00% |
| Into perpetuity | 2.00% |

Early retirement provisions and injury benefit provisions both use the HM Treasury's pension discount rate of minus 0.5% in real terms.

**Clinical negligence costs**

NHS Resolution operates a risk pooling scheme under which the Trust pays an annual contribution to NHS Resolution, which, in return, settles all clinical negligence claims. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the Trust is disclosed at note 25 but is not recognised in the Trust's accounts.

## NOTES TO THE ACCOUNTS

**Non-clinical risk pooling**
The Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the Trust pays an annual contribution to NHS Resolution and in return receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses when the liability arises.

### 1.15 Contingencies

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in note 32 where an inflow of economic benefits is probable.

Contingent liabilities are not recognised, but are disclosed in note 32, unless the probability of a transfer of economic benefits is remote.

Contingent liabilities are defined as:

• possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control; or
• present obligations arising from past events but for which it is not probable that a transfer of economic benefits will arise or for which the amount of the obligation cannot be measured with sufficient reliability.

### 1.16 Public Dividend Capital (PDC) and PDC dividend

Public dividend capital (PDC) is a type of public sector equity finance based on the excess of assets over liabilities at the time of establishment of the predecessor NHS organisation. HM Treasury has determined that PDC is not a financial instrument within the meaning of IAS 32.

The Secretary of State can issue new PDC to, and require repayments of PDC from, the Trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, except for

(i) donated and grant funded assets,
(ii) average daily cash balances held with the Government Banking Services (GBS) and National Loans Fund (NLF) deposits, excluding cash balances held in GBS accounts that relate to a short-term working capital facility, and
(iii) any PDC dividend balance receivable or payable.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

### 1.17 Value Added Tax

Most of the activities of the Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### 1.18 Corporation Tax

The Trust does not fall within the scope of Corporation Tax for the year ended 31 March 2020, neither did it for the year ended 31 March 2019.

### 1.19 Foreign Exchange

The functional and presentational currency of the Trust is sterling. A transaction denominated in a foreign currency is translated into the functional currency at the spot exchange rate on the dates of the transaction. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated at the spot exchange rate on 31 March. Resulting exchange gains and losses for either of these are recognised in the Trust's income or expense in the period in which they arise.

## NOTES TO THE ACCOUNTS

### 1.20 Third party assets

Assets belonging to third parties in which the Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's FReM.

### 1.21 Losses and Special Payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled. Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

### 1.22 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

### 1.23 Note 1.1 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2019/20.

### 1.24 Standards, amendments and interpretations in issue but not yet effective or adopted

**IFRS 16 Leases**

IFRS 16 Leases will replace IAS 17 Leases, 'IFRIC 4 Determining whether an arrangement contains a lease' and other interpretations and is applicable in the public sector for periods beginning 1 April 2021. The standard provides a single accounting model for lessees, recognising a right of use asset and obligation in the statement of financial position for most leases: some leases are exempt through application of practical expedients explained below. For those recognised in the statement of financial position the standard also requires the remeasurement of lease liabilities in specific circumstances after the commencement of the lease term. For lessors, the distinction between operating and finance leases will remain and the accounting will be largely unchanged.

IFRS 16 changes the definition of a lease compared to IAS 17 and IFRIC 4. The Trust will apply this definition to new leases only and will grandfather its assessments made under the old standards of whether existing contracts contain a lease.

On transition to IFRS 16 on 1 April 2021, the Trust will apply the standard retrospectively with the cumulative effect of initially applying the standard recognised in the income and expenditure reserve at that date. For existing operating leases with a remaining lease term of more than 12 months and an underlying asset value of at least £5,000, a lease liability will be recognised equal to the value of remaining lease payments discounted on transition at the trust's incremental borrowing rate. The Trust's incremental borrowing rate will be a rate defined by HM Treasury. Currently this rate is 1.27% but this may change between now and adoption of the standard. The related right of use asset will be measured equal to the lease liability adjusted for any prepaid or accrued lease payments. For existing peppercorn leases not classified as finance leases, a right of use asset will be measured at current value in existing use or fair value. The difference between the asset value and the calculated lease liability will be recognised in the income and expenditure reserve on transition. No adjustments will be made on 1 April 2021 for existing finance leases.

For leases commencing in 2021/22, the Trust will not recognise a right of use asset or lease liability for short term leases (less than or equal to 12 months) or for leases of low value assets (less than £5,000). Right of use assets will be subsequently measured on a basis consistent with owned assets and depreciated over the length of the lease term.

HM Treasury revised the implementation date for IFRS 16 in the UK public sector to 1 April 2021 on 19 March 2020. Due to the need to reassess lease calculations, together with uncertainty on expected leasing activity in April 2021 and beyond, a quantification of the expected impact of applying the standard in 2021/22 is currently impracticable.

# NOTES TO THE ACCOUNTS

### 1.25 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

An assessment of the Trusts PFI schemes was made as part of the IFRS transition in the 2009/10 accounts, and it was determined that the PFI scheme in respect of the main Hospital building should be accounted for as an on-Statement of Financial Position assets under IFRIC 12. This required judgements to be made in order to determine the required accounting treatment. The key judgements were to initially value the hospital at the cost of construction, to attribute an asset life of 70 years and to identify the components of the hospital subject to lifecycle maintenance, that should be accounted for separately. The annual contribution to lifecycle maintenance is treated as a non current prepayment until it is capitalised consistent with the operators schedule for replacement.

A full valuation of the PFI hospital was performed as at 31 March 2020 by the Trusts externally appointed independent valuer, Montagu Evans, Chartered Surveyors.

The revaluation basis was depreciated replacement cost as a Modern Equivalent Asset.

The valuation has been accounted for in the 2019/2020 accounts.

### 1.26 Sources of estimation uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:
Estimations as to the recoverability of receivables and the valuation of inventories have been made in determining carrying amounts of those assets. Variation is not expected to be significant.

Judgement has been used to determine the carrying value of provisions, deferral of income and accruals for expenditure.

An estimate has been used to determine total future obligations under PFI contracts as disclosed in note 24.2, in relation to future rates of inflation. This estimate does not affect the carrying value of liabilities in the Statement of Financial Position at 31 March 2020 or 31 March 2019, or the amounts charged through the Statement of Comprehensive Income.

A full valuation of our Land and Buildings was performed as at 31 March 2020 by the Trusts externally appointed independent valuer, Montagu Evans, Chartered Surveyors, and the valuation has been accounted for in the 2019/2020 accounts. However the COVID-19 has caused the valuer to refer to a period of 'significant uncertainty in relation to many factors that historically have acted as drivers of the property investment and letting markets..' and continues to state that 'in our view whilst value movements will most likely be negative on market value calculations, we anticipate construction costs will increase over the period that could result in an increase in values based on the DRC methodology'.

With the valuer having referred to matters that may give rise to material uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

## 2. Operating segments

IFRS8 requires income and expenditure to be broken down into the operating segments reported to the chief operating decision maker. In the case of the Trust, this has been determined to be the Executive Directors.

The Executive Directors receive segmental information for expenditure. Segments are defined as the Trust's divisions, as identified in the following table which also describes the service that each provides. The Services division deals with areas such as the commissioning of catering, portering and cleaning, as well as support functions. During the year there was a rearrangement of services within the Trust's divisions and as a result, the comparatives has been restated.

Income and assets are not reported by division, so are not analysed in the data below. Details of income by source is provided in note 3.1. The Trust's main source of income is from within the UK for the provision of healthcare services.

**2019/20:**

| | Medicine | Clinical Support | Surgery and Cromer | Women, Children and Sexual Health | Emergency | Services | Total |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Pay | 113,395 | 71,783 | 118,001 | 45,438 | 26,582 | 27,321 | **402,520** |
| Non Pay | 89,687 | 34,348 | 49,697 | 7,403 | 3,202 | 71,941 | **256,278** |
| **Total** | **203,082** | **106,131** | **167,698** | **52,841** | **29,784** | **99,262** | **658,798** |

**2018/19 :**

| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
|---|---|---|---|---|---|---|---|
| Pay | 97,709 | 63,001 | 105,172 | 39,082 | 22,732 | 25,123 | **352,819** |
| Non Pay | 86,373 | 32,264 | 50,048 | 6,951 | 3,102 | 64,302 | **243,040** |
| **Total** | **184,082** | **95,265** | **155,220** | **46,033** | **25,834** | **89,425** | **595,859** |

**Reconciliation - Pay**

| | 2019/20 | 2018/19 |
|---|---|---|
| | £'000 | £'000 |
| Employee Expenses - Non-executive directors (note 6) | 143 | 139 |
| Employee Expenses - Staff and executive directors (note 6) | 400,261 | 352,665 |
| VSS & Redundancy (note 6) | 2,116 | 15 |
| **Total** | **402,520** | **352,819** |

**Reconciliation - Non Pay**

| | £'000 | £'000 |
|---|---|---|
| Operating Expenses (note 6) | 692,051 | 628,584 |
| Less: Pay (see above) | (402,520) | (352,819) |
| Less: Depreciation (note 6) | (10,072) | (10,438) |
| Less: Consortium payments (note 6) | (15,718) | (15,870) |
| Less: Loss on disposal (note 6) | (509) | 23 |
| Less: Research and development (note 6) | (5,876) | (5,804) |
| Less: Education & training - notional expenditure funded from apprenticeship fund (note 6) | (1,078) | (636) |
| **Total** | **256,278** | **243,040** |

## 3. Operating income

### 3.1 Income from activities

| | Year ended 31 March 2020 £'000 | Year ended 31 March 2019 £'000 |
|---|---|---|
| NHS Foundation Trusts | 11 | 12 |
| NHS Trusts | 2,117 | 45 |
| CCGs and NHS England | 572,089 | 511,824 |
| Department of Health | 0 | 5,190 |
| NHS Other | 82 | 97 |
| Non-NHS: Private patients | 1,965 | 1,386 |
| Non-NHS: Overseas patients (non-reciprocal) | 384 | 300 |
| NHS injury cost recovery scheme (formerly RTA) | 1,338 | 1,534 |
| Non-NHS: Other | 439 | 526 |
| **Total income from activities** | **578,425** | **520,914** |

Substantially all income from activities comes from the provision of mandatory services.
NHS injury cost recovery scheme income is subject to a provision for impairment of receivables of 21.79% (2018/19: 21.89%) to reflect expected rates of collection.
Overseas patients (non-reciprocal) income is amounts received by the Trust, where the overseas patient is liable for the cost. This occurs when there is not a national reciprocal arrangement with the country that the patient is a national of.

Substantially all income arises in the UK. There are four main customers of the Trust who each account for over 18% of its income from activities. They are NHS England (24.05%) and NHS South Norfolk CCG (20.51%), NHS Norwich CCG (22.02%) and NHS North Norfolk CCG (18.76%).

### 3.2 Income from activities by category

| | Year ended 31 March 2020 £'000 | Year ended 31 March 2019 £'000 |
|---|---|---|
| Elective income | 99,781 | 94,071 |
| Non elective income | 157,636 | 146,547 |
| Outpatient income | 79,123 | 73,703 |
| A & E income | 20,807 | 17,686 |
| Other NHS clinical income | 201,130 | 180,496 |
| Private patient income (including overseas visitors) | 2,349 | 1,687 |
| Additional pension contribution central funding | 15,829 | 0 |
| Other non-protected clinical income | 1,770 | 1,534 |
| AfC pay award central funding | 0 | 5,190 |
| **Total income from activities** | **578,425** | **520,914** |

### 3.3 Overseas Visitors (patient charged direct by the Trust)

| | Year ended 31 March 2020 £'000 | Year ended 31 March 2019 £'000 |
|---|---|---|
| Income recognised this year | 384 | 300 |
| Cash payments received in year (all years) | 49 | 193 |
| Amounts added to provision for impairment of receivables (all years) | 123 | 15 |
| Amounts written off in-year (all years) | 139 | 0 |

### 3.4 Income from Commissioner Requested Services

Operating income includes income from Commissioner Requested Services as follows:

| | Year ended 31 March 2020 | Year ended 31 March 2019 |
|---|---|---|
| Commissioner Requested Services | 575,637 | 518,702 |
| Non-Commissioner Requested Services | 2,788 | 2,212 |
| | **578,425** | **520,914** |

## 4. Other operating income

| | Year ended 31 March 2020 £'000 | Year ended 31 March 2019 £'000 |
|---|---|---|
| Research and development | 5,682 | 5,560 |
| Education and training | 25,221 | 25,006 |
| Donations/grants of physical assets (non-cash) - received from NHS charities | 1,388 | 842 |
| Donations/grants of physical assets (non-cash) - received from other bodies | 1,917 | 315 |
| Cash donations for the purchase of capital assets - received from NHS charities | 500 | 0 |
| Rental revenue from operating leases | 220 | 203 |
| Sustainability and transformation fund (STF) | 12,783 | 0 |
| Other: | | |
| Staff recharges | 15,431 | 15,166 |
| Car parking | 2,710 | 2,879 |
| Pharmacy sales | 1,326 | 1,132 |
| Staff accommodation rentals | 853 | 835 |
| Clinical tests | 238 | 174 |
| Clinical excellence awards | 929 | 1,052 |
| Grossing up consortium arrangements | 15,718 | 15,870 |
| Other income | 8,255 | 10,181 |
| **Total other operating income** | **93,171** | **79,215** |

## 5. Total operating income

Income is from the supply of services.

## 6. Operating expenses

| | Year ended 31 March 2020 £'000 | Year ended 31 March 2019 £'000 |
|---|---|---|
| Services from NHS trusts | 52 | 56 |
| Employee expenses - non-executive directors | 143 | 139 |
| Employee expenses - staff and executive directors | 400,261 | 352,665 |
| Supplies and services - clinical | 66,439 | 65,814 |
| Supplies and services - general | 21,299 | 20,518 |
| Establishment | 8,801 | 8,253 |
| Research and development | 5,876 | 5,804 |
| Transport | 582 | 504 |
| Charges to operating expenditure for on-SoFP IFRIC 12 schemes (e.g. PFI / LIFT) on IFRS basis | 25,194 | 23,033 |
| Premises | 21,673 | 18,018 |
| Movement in credit loss allowance: contract receivables | 1,065 | (163) |
| Movement in credit loss allowance: all other receivables | 120 | 146 |
| Change in provisions discount rate(s) | 198 | (21) |
| Inventories written down | 105 | 173 |
| Inventories consumed | 78,117 | 78,282 |
| Rentals under operating leases | 8,818 | 5,836 |
| Depreciation on property, plant and equipment | 10,072 | 10,438 |
| Audit fees payable to the external auditor* | | |
| audit services- statutory audit | 78 | 68 |
| other auditor remuneration (external auditor only) | 4 | 10 |
| Clinical negligence | 13,117 | 14,134 |
| Loss on disposal of non-current assets | 509 | (23) |
| Legal fees | 160 | 75 |
| Consultancy costs | 395 | 1,636 |
| Internal audit | 79 | 79 |
| Education and training - notional expenditure funded from apprenticeship fund | 1,078 | 636 |
| Training, courses and conferences | 1,160 | 689 |
| Patient travel | 1,718 | 1,699 |
| Redundancy | 2,116 | 15 |
| Insurance | 54 | 28 |
| Other services, eg external payroll | 780 | 513 |
| Grossing up consortium arrangements | 15,718 | 15,870 |
| Losses, ex gratia & special payments | 11 | 16 |
| Other | 6,259 | 3,644 |
| **Total operating expenses** | **692,051** | **628,584** |

* The engagement letter signed on 13th January 2017 states that the liability of KPMG LLP, its members, partners and staff (whether contract, negligence or otherwise) in respect of services provided in connection with or arising out of the audit shall in no circumstances exceed £1,000k in the aggregate in respect of all such services.

## 6.1 Auditor's Remuneration

| | Year ended 31 March 2020 £'000 | Year ended 31 March 2019 £'000 |
|---|---|---|
| Audit Fees- statutory audit | 78 | 68 |
| Assurance services | 4 | 10 |
| **TOTAL** | **82** | **78** |

The Trust's auditors, KPMG LLP (2018/19 KPMG LLP), also audit the associated charity (Norfolk and Norwich University Hospitals NHS Foundation Trust Charitable Fund) for a fee of £6k (2018/19 £6k).

## 7. Operating leases

### 7.1 As lessee

| Payments recognised as an expense | Year ended 31 March 2020 £'000 | Year ended 31 March 2019 £'000 |
|---|---|---|
| Minimum lease payments | 8,818 | 5,836 |
| **Total** | **8,818** | **5,836** |

| Total future aggregate minimum lease payments | Year ended 31 March 2020 £'000 | Year ended 31 March 2019 £'000 |
|---|---|---|
| Payable: | | |
| Not later than one year | 9,843 | 6,274 |
| Between one and five years | 35,997 | 24,082 |
| After 5 years | 27,766 | 33,401 |
| **Total** | **73,606** | **63,757** |

### 7.2 As lessor

The Trust leases the retail units at its Colney Lane site to a third party. The contract is for a period of 30 years and was entered into in 2002.

| Rentals, recognised as other operating income | Year ended 31 March 2020 £'000 | Year ended 31 March 2019 £'000 |
|---|---|---|
| Rents recognised as income in the year | 88 | 88 |
| Contingent rents recognised as income in the year | 132 | 115 |
| **Total** | **220** | **203** |

| Total future aggregate minimum lease payments | Year ended 31 March 2020 £'000 | Year ended 31 March 2019 £'000 |
|---|---|---|
| Receivable: | | |
| Not later than one year | 88 | 87 |
| Between one and five years | 350 | 350 |
| After 5 years | 612 | 700 |
| **Total** | **1,050** | **1,137** |

## 8. Employee costs and numbers

### 8.1 Employee costs

| | Year ended 31 March 2020 £'000 | Year ended 31 March 2019 £'000 |
|---|---|---|
| Salaries and wages | 303,450 | 277,840 |
| Social security costs | 29,278 | 26,861 |
| Apprenticeship levy | 1,504 | 1,383 |
| Employer's contributions to NHS pensions | 36,379 | 33,731 |
| Pension cost - employer contributions paid by NHSE on provider's behalf | 15,829 | 0 |
| Pension cost - other | 42 | 25 |
| Termination benefits | 2,116 | 15 |
| Agency/contract staff | 13,779 | 12,825 |
| **Total** | **402,377** | **352,680** |

Above total excludes costs of non-executive directors.
Details on the remuneration of key management personnel can be found in note 29.

### 8.2 Monthly average number of people employed

| | Year ended 31 March 2020 Number | Year ended 31 March 2019 Number |
|---|---|---|
| Medical and dental | 1,275 | 1,131 |
| Administration and estates | 1,334 | 1,305 |
| Healthcare assistants and other support staff | 2,348 | 2,087 |
| Nursing, midwifery and health visiting staff | 2,395 | 2,406 |
| Nursing, midwifery and health visiting learners | 2 | 7 |
| Scientific, therapeutic and technical staff | 670 | 662 |
| Healthcare science staff | 304 | 261 |
| Other | 3 | 0 |
| **Total** | **8,331** | **7,859** |

The above numbers are based on whole-time equivalents.

### 8.3 Staff exit packages

**Staff exit packages for the year ended 31 March 2020**

| | Number of compulsory redundancies |
|---|---|
| <£10k | 11 |
| £10k - £25k | 9 |
| £25k - £50k | 12 |
| £50k - £100k | 11 |
| £100k - £150k | 4 |
| | **47** |

**Staff exit packages for the year ended 31 March 2019**

| | Number of compulsory redundancies |
|---|---|
| £10k - £25k | 1 |
| | 1 |

## 9. Pension costs

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Details of the benefits payable and rules of the Schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

**a) Accounting valuation**

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2020, is based on valuation data as 31 March 2019, updated to 31 March 2020 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

**b) Full actuarial (funding) valuation**

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2016. The results of this valuation set the employer contribution rate payable from April 2019 to 20.6%, and the Scheme Regulations were amended accordingly.

The 2016 funding valuation was also expected to test the cost of the Scheme relative to the employer cost cap set following the 2012 valuation. Following a judgment from the Court of Appeal in December 2018 Government announced a pause to that part of the valuation process pending conclusion of the continuing legal process.

**c) Scheme provisions**

The NHS Pension Scheme provided defined benefits, which are summarised below. This list is an illustrative guide only, and is not intended to detail all the benefits provided by the Scheme or the specific conditions that must be met before these benefits can be obtained:

The Scheme is a "final salary" scheme. Annual pensions are normally based on 1/80th for the 1995 section and of the best of the last three years pensionable pay for each year of service, and 1/60th for the 2008 section of reckonable pay per year of membership. Members who are practitioners as defined by the Scheme Regulations have their annual pensions based upon total pensionable earnings over the relevant pensionable service.

With effect from 1 April 2008 members can choose to give up some of their annual pension for an additional tax free lump sum, up to a maximum amount permitted under HMRC rules. This new provision is known as "pension commutation".

Annual increases are applied to pension payments at rates defined by the Pensions (Increase) Act 1971, and are based on changes in retail prices in the twelve months ending 30 September in the previous calendar year. From 2011-12 the Consumer Price Index (CPI) has been used and replaced the Retail Prices Index (RPI).

Early payment of a pension, with enhancement, is available to members of the scheme who are permanently incapable of fulfilling their duties effectively through illness or infirmity. A death gratuity of twice final year's pensionable pay for death in service, and five times their annual pension for death after retirement is payable.

## 9. Pension costs (continued)

### c) Scheme provisions (continued)

For early retirements other than those due to ill health the additional pension liabilities are not funded by the scheme. The full amount of the liability for the additional costs is charged to the employer.

Members can purchase additional service in the NHS Scheme and contribute to money purchase AVC's run by the Scheme's approved providers or by other Free Standing Additional Voluntary Contributions (FSAVC) providers.

## 10. Retirements due to ill-health

During 2019/20 there were 3 (2018/19: 3) early retirements from the Trust agreed on the grounds of ill-health. The estimated additional pension liabilities of these ill-health retirements are £211k (2018/19: £173k). The cost of these ill-health retirements will be borne by the NHS Business Services Authority - Pensions Division.

## 11. Better Payment Practice Code

### 11.1 Better Payment Practice Code - measure of compliance

This note has been moved to page 72 of the annual report.

### 11.2 The Late Payment of Commercial Debts (Interest) Act 1998

The Trust made payments of £nil under this legislation in the year (2018/19: £nil)

## 12. Finance income

| | Year ended 31 March 2020 £'000 | Year ended 31 March 2019 £'000 |
|---|---|---|
| Interest receivable on bank deposits | 208 | 160 |
| **Total** | **208** | **160** |

## 13. Other gains and losses

| | Year ended 31 March 2020 £'000 | Year ended 31 March 2019 £'000 |
|---|---|---|
| Loss / (Profit) on disposal of plant and equipment | 509 | (23) |
| **Total** | **509** | **(23)** |

## 14. Finance expense - financial liabilities including unwinding of discount on provisions

| | Year ended 31 March 2020 £'000 | Year ended 31 March 2019 £'000 |
|---|---|---|
| Interim Revenue Support Facility Cost - Dept. of Health | 3,577 | 1,946 |
| Finance leases | 8 | 16 |
| Finance Costs in PFI obligations: | | |
| - Main finance costs | 16,831 | 17,069 |
| - Contingent finance costs | 14,131 | 13,310 |
| Unwinding of discount on provisions | (11) | 6 |
| **Total** | **34,536** | **32,347** |

## 15. Property, plant and equipment

| | Land £000 | Buildings excluding dwellings £000 | Assets under construction £000 | Plant & machinery £000 | Transport equipment £000 | Information technology £000 | Furniture & fittings £000 | Total £000 |
|---|---|---|---|---|---|---|---|---|
| **Cost or valuation at 1 April 2019** | **11,710** | **216,293** | **514** | **71,226** | **78** | **16,673** | **870** | **317,364** |
| Additions - purchased | 0 | 8,932 | 7,455 | 5,266 | 0 | 10,296 | 0 | **31,949** |
| Additions - donated | 0 | 1,889 | 0 | 1,916 | 0 | 0 | 0 | **3,805** |
| Reclassifications | 0 | 105 | (105) | (49) | 49 | 0 | 0 | **0** |
| Impairments | (807) | (2,255) | 0 | 0 | 0 | 0 | 0 | **(3,062)** |
| Revaluation | 660 | (4,615) | 0 | 0 | 0 | 0 | 0 | **(3,955)** |
| Disposals | 0 | 0 | 0 | (1,740) | 0 | 0 | 0 | **(1,740)** |
| **Cost or valuation at 31 March 2020** | **11,563** | **220,349** | **7,864** | **76,619** | **127** | **26,969** | **870** | **344,361** |
| | | | | | | | | |
| **Accumulated depreciation at 1 April 2019** | **0** | **15,273** | **0** | **54,396** | **59** | **14,184** | **854** | **84,766** |
| Provided during the year | 0 | 6,156 | 0 | 2,674 | 9 | 1,229 | 4 | **10,072** |
| Reclassifications | 0 | 0 | 0 | (12) | 12 | 0 | 0 | **0** |
| Reversal of impairments | 0 | (964) | 0 | 0 | 0 | 0 | 0 | **(964)** |
| Revaluation Eliminated | 0 | (16,436) | 0 | 0 | 0 | 0 | 0 | **(16,436)** |
| Disposals | 0 | 0 | 0 | (1,189) | 0 | 0 | 0 | **(1,189)** |
| **Accumulated depreciation at 31 March 2020** | **0** | **4,029** | **0** | **55,869** | **80** | **15,413** | **858** | **76,249** |
| | | | | | | | | |
| **Net book value** | | | | | | | | |
| NBV - Owned at 31 March 2020 | 11,563 | 45,492 | 7,864 | 15,992 | 47 | 11,527 | 7 | **92,492** |
| NBV - Finance lease at 31 March 2020 | 0 | 0 | 0 | 209 | 0 | 0 | 0 | **209** |
| NBV - PFI at 31 March 2020 | 0 | 159,625 | 0 | 0 | 0 | 0 | 0 | **159,625** |
| NBV - Donated at 31 March 2020 | 0 | 11,203 | 0 | 4,549 | 0 | 29 | 5 | **15,786** |
| **NBV total at 31 March 2020** | **11,563** | **216,320** | **7,864** | **20,750** | **47** | **11,556** | **12** | **268,112** |
| | | | | | | | | |
| **Net book value** | | | | | | | | |
| NBV - Owned at 1 April 2019 | 11,710 | 36,396 | 514 | 13,247 | 19 | 2,439 | 10 | **64,335** |
| NBV - Finance lease at 1 April 2019 | 0 | 0 | 0 | 373 | 0 | 0 | 0 | **373** |
| NBV - PFI at 1 April 2019 | 0 | 153,997 | 0 | 0 | 0 | 0 | 0 | **153,997** |
| NBV - Donated at 1 April 2019 | 0 | 10,627 | 0 | 3,210 | 0 | 50 | 6 | **13,893** |
| **NBV total at 1 April 2019** | **11,710** | **201,020** | **514** | **16,830** | **19** | **2,489** | **16** | **232,598** |

Land, buildings and dwellings are all deemed to fall within the definition of protected assets.

## 15. Property, plant and equipment (continued)

| | Land £000 | Buildings excluding dwellings £000 | Assets under construction £000 | Plant & machinery £000 | Transport equipment £000 | Information technology £000 | Furniture & fittings £000 | Total £000 |
|---|---|---|---|---|---|---|---|---|
| **Cost or valuation at 1 April 2018** | **11,710** | **207,284** | **4,278** | **71,293** | **78** | **15,878** | **870** | **311,391** |
| Additions - purchased | 0 | 4,638 | 340 | 3,045 | 0 | 611 | 0 | **8,634** |
| Additions - leased | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Additions - donated | 0 | 414 | 0 | 705 | 0 | 38 | 0 | **1,157** |
| Reclassifications | 0 | 3,957 | (4,104) | 1 | 0 | 146 | 0 | 0 |
| Revaluation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Disposals | 0 | **0** | 0 | (3,818) | 0 | 0 | 0 | **(3,818)** |
| **Cost or valuation at 31 March 2019** | **11,710** | **216,293** | **514** | **71,226** | **78** | **16,673** | **870** | **317,364** |
| | | | | | | | | |
| **Accumulated depreciation at 1 April 2018** | **0** | **9,089** | **0** | **53,565** | **53** | **13,086** | **848** | **76,641** |
| Provided during the year | 0 | 6,184 | 0 | 3,144 | 6 | 1,098 | 6 | **10,438** |
| Reclassifications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | **0** |
| Disposals | 0 | 0 | 0 | (2,313) | 0 | 0 | 0 | **(2,313)** |
| **Accumulated depreciation at 31 March 2019** | **0** | **15,273** | **0** | **54,396** | **59** | **14,184** | **854** | **84,766** |
| | | | | | | | | |
| **Net book value** | | | | | | | | |
| NBV - Owned at 31 March 2019 | 11,710 | 36,396 | 514 | 13,247 | 19 | 2,439 | 10 | **64,335** |
| NBV - Finance lease at 31 March 2019 | 0 | 0 | 0 | 373 | 0 | 0 | 0 | **373** |
| NBV - PFI at 31 March 2019 | 0 | 153,997 | 0 | 0 | 0 | 0 | 0 | **153,997** |
| NBV - Donated at 31 March 2019 | 0 | 10,627 | 0 | 3,210 | 0 | 50 | 6 | **13,893** |
| **NBV total at 31 March 2019** | **11,710** | **201,020** | **514** | **16,830** | **19** | **2,489** | **16** | **232,598** |

**Net book value**

Land, buildings and dwellings are all deemed to fall within the definition of protected assets.

## 15. Property, plant and equipment (continued)

During the year assets to the value of £3,805k (2019: £1,157k) were purchased using Charitable Funds donated to the Trust.

Plant and Equipment mainly consists of low value equipment with short asset lives. It is therefore considered that Depreciated Historic Cost is appropriate to be used as a proxy for Depreciated Replacement Cost and for Fair Value.

A valuation of the Trusts Estate was carried out in 2019/2020 by the Trusts externally appointed independent valuer, Montagu Evans, Chartered Surveyors. The effective date of the valuation was 31 March 2020.
The revaluation basis for all of the Trusts Land and Buildings was depreciated replacement cost as a Modern Equivalent Asset, with the exception of the Residential Accommodation on the hospital campus and the office accommodation within the main hospital building.

These were valued as non specialised assets, accordingly were valued on a market value for existing use.
The valuation has been accounted for in the 2019/2020 accounts.

The previous full valuation was carried out as at 31 March 2015. In the five year period since then we have invested in capital additions to our estate and continued to depreciate our assets in the normal way. At each year end we have had regard to the change in BCIS indices to provide assurance over the reasonableness of the carrying value of our estate. At 31 March 2020 the book value of our land and buildings was £217,500k. The revalued amount was £227,883k, being an increase of £10,383k. This increase has been reflected in the carrying value within fixed assets and also added to our revaluation reserve.

It is important to note that in applying the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards 2020, the valuer has highlighted 'matters that may give rise to material valuation uncertainty'. This is on the basis of uncertainties in markets caused by COVID-19.

The valuer refers to a period of 'significant uncertainty in relation to many factors that historically have acted as drivers of the property investment and letting markets..'. However state that 'in our view whilst value movements will most likely be negative on market value calculations, we anticipate construction costs will increase over the period that could result in an increase in values based on the DRC methodology'.

With the valuer having referred to matters that may give rise to material uncertainty, the valuer has continued to exercise professional judgement in providing the valuation and this remains the best information available to the Trust.

The economic lives of the depreciable items of property, plant and equipment is disclosed in the table below:

| | Minimum Life (years) | Maximum Life (years) |
|---|---|---|
| Buildings excluding dwellings | 5 | 82 |
| Plant and machinery | 1 | 30 |
| Transport equipment | 5 | 12 |
| Information technology | 1 | 10 |
| Furniture & fittings | 5 | 15 |

Assets under construction are not depreciated until they are brought into use.
Land is not depreciated.

## 16. Capital commitments

Contracted capital commitments at 31 March not otherwise included in these accounts:

| | 31 March 2020 £'000 | 31 March 2019 £'000 |
|---|---|---|
| Property, Plant and Equipment | 7,943 | 5,928 |
| **Total** | **7,943** | **5,928** |

## 17. Inventories

### 17.1. Inventories

| | 31 March 2020 £'000 | 31 March 2019 £'000 |
|---|---|---|
| Drugs | 4,356 | 3,358 |
| Consumables | 7,509 | 7,080 |
| **Total** | **11,865** | **10,438** |

### 17.2 Inventories recognised in expenses

| | Year ended 31 March 2020 £'000 | Year ended 31 March 2019 £'000 |
|---|---|---|
| Inventories recognised as an expense in the year | 128,886 | 138,637 |
| Write-down of inventories (including losses) | 105 | 173 |
| **Total** | **128,991** | **138,810** |

## 18. Trade and other receivables

### 18.1 Trade and other receivables

| | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|
| | Current £'000 | Non - Current £'000 | Current £'000 | Non - Current £'000 |
| Contract receivables invoiced | 22,092 | 0 | 14,137 | 0 |
| Contract receivables (not yet / non invoiced) | 7,241 | 1,359 | 12,167 | 1,574 |
| Allowance for impaired contract receivables | (1,978) | 0 | (1,088) | 0 |
| Allowance for other receivables | (1,983) | 0 | (1,953) | 0 |
| Prepayments (non-PFI) | 7,239 | 0 | 4,534 | 920 |
| PFI prepayments: | | | | |
| Lifecycle replacements | 0 | 82,641 | 0 | 75,660 |
| Interest receivable | 16 | 0 | 10 | 0 |
| VAT receivable | 2,384 | 0 | 1,763 | 0 |
| Clinician pension tax provision reimbursement funding from NHSE | 115 | 1,484 | 0 | 0 |
| Other receivables | 9 | 0 | 69 | 0 |
| **Total** | **35,135** | **85,484** | **29,639** | **78,154** |

The significant majority of trade is with Clinical Commissioning Groups, as commissioners for NHS patient care services. As Clinical Commissioning Groups are funded by government to buy NHS patient care services, no credit scoring of them is considered necessary.

### 18.2 Provision for impairment of receivables

| | 31 March 2020 £'000 | 31 March 2019 £'000 |
|---|---|---|
| **At 1 April as previously stated** | **3,041** | **3,132** |
| Increase in provision | 1,436 | 253 |
| Amounts utilised | (265) | (74) |
| Unused amounts reversed | (251) | (270) |
| **At 31 March** | **3,961** | **3,041** |

## 19. Cash and cash equivalents

| | Year ended 31 March 2020 £'000 | Year ended 31 March 2019 £'000 |
|---|---|---|
| Balance at 1 April | 7,462 | 5,733 |
| Net change in year | 5,970 | 1,729 |
| **Balance at 31 March** | **13,432** | **7,462** |
| **Comprising:** | | |
| Cash at commercial banks and in hand | 88 | 105 |
| Cash with the Government Banking Service | 13,344 | 7,357 |
| **Cash and cash equivalents as in statement of financial position and statement of cash flows** | **13,432** | **7,462** |

## 20. Trade and other payables

| | 31 March 2020 Current £'000 | 31 March 2019 Current £'000 |
|---|---|---|
| NHS trade payables | 10,629 | 8,560 |
| Amounts due to other related parties | 5,293 | 4,795 |
| Capital payables | 12,233 | 2,133 |
| Social security costs | 8,605 | 7,599 |
| Other payables | 9,372 | 15,710 |
| Accruals | 22,692 | 26,579 |
| **Total** | **68,824** | **65,376** |

Included in Amounts due to other related parties at 31 March 2020 is £5,293k (31 March 2019: £4,795k) of outstanding pension contributions.

## 21. Borrowings

| | 31 March 2020 Current £'000 | 31 March 2020 Non-current £'000 | 31 March 2019 Current £'000 | 31 March 2019 Non-current £'000 |
|---|---|---|---|---|
| Interim Revenue Support Facility - Dept. of Health | 168,757 | 0 | 21,798 | 89,871 |
| Capital Loans - Dept. of Health | 27,155 | 0 | 0 | 224 |
| Obligations under finance leases | 187 | 65 | 180 | 254 |
| Obligations under Private Finance Initiative contracts | 3,171 | 187,338 | 2,912 | 190,510 |
| **Total** | **199,270** | **187,403** | **24,890** | **280,859** |

Details of the PFI schemes comprising the liabilities detailed above can be found in note 24.

## 22. Other liabilities

| | 31 March 2020 Current £'000 | 31 March 2020 Non-current £'000 | 31 March 2019 Current £'000 | 31 March 2019 Non-current £'000 |
|---|---|---|---|---|
| Deferred Income | 14,833 | 3,515 | 5,851 | 5,875 |
| **Total** | **14,833** | **3,515** | **5,851** | **5,875** |

## 23. Finance lease obligations

| | 31 March 2020 Minimum Lease Payments £'000 | 31 March 2020 PV of Minimum Lease Payments £'000 | 31 March 2019 Minimum Lease Payments £'000 | 31 March 2019 PV of Minimum Lease Payments £'000 |
|---|---|---|---|---|
| **Gross lease liabilities** | | | | |
| of which liabilities are due: | | | | |
| - not later than one year; | 190 | 190 | 190 | 190 |
| - later than one year and not later than five years; | 79 | 79 | 268 | 268 |
| - later than five years. | 0 | 0 | 0 | 0 |
| Finance charges allocated to future periods | (17) | (17) | (24) | (24) |
| **Net lease liabilities** | **252** | **252** | **434** | **434** |
| Split into: | | | | |
| - not later than one year; | 187 | 187 | 180 | 180 |
| - later than one year and not later than five years; | 65 | 65 | 254 | 254 |
| - later than five years. | 0 | 0 | 0 | 0 |
| **Net lease liabilities** | **252** | **252** | **434** | **434** |

# 24. Private Finance Initiative contracts

## 24.1 PFI schemes on-Statement of Financial Position

### New Hospital

On 9 January 1998 the Trust concluded contracts under the Private Finance Initiative (PFI) with Octagon Healthcare Limited for the construction of a new 809 bed hospital and the provision of hospital related services. In addition, and as a consequence of revised patient activity projections, the Trust entered into a contract variation with Octagon Healthcare Limited to extend the new hospital by a further 144 beds. This contract variation was approved by the Department of Health and was signed on 14 July 2000.

The PFI scheme was approved by the NHS Executive and HM Treasury as being better value for money than the public sector comparator. Under IFRIC 12, the PFI scheme is deemed to be on Statement of Financial Position, meaning that the hospital is treated as an asset of the Trust, that is being acquired through a finance lease. The payments to Octagon in respect of it have therefore been analysed into finance lease charges and service charges. The accounting treatment of the PFI scheme is detailed in accounting policy 1.8.

The service element of the contract was £25,200k (2018/19: £23,000k), with contingent rent being £14,100k (2018/19: £13,300k).

The estimated value of the scheme at inception was £222,600k. Payments under the scheme commenced on 15 August 2001. In 2003/04 the Trust entered into and concluded a refinancing arrangement with Octagon Healthcare Ltd on the investment in the hospital. This resulted in an extension of the minimum term of the scheme from 30 to 35 years and a reduction in the annual charge by £3,500k per annum.

### 24.2 PFI schemes on-Statement of Financial Position (on-SoFP)

Total obligations for on-statement of financial position PFI contracts are:

| | 31 March 2020 £000 | 31 March 2019 £000 |
|---|---|---|
| **Gross PFI, LIFT or other service concession liabilities** | **880,838** | **923,247** |
| **Of which liabilities are due:** | | |
| - not later than one year; | 42,483 | 41,536 |
| - later than one year and not later than five years; | 182,726 | 178,355 |
| - later than five years. | 655,629 | 703,355 |
| Lifecycle Maintenance expenditure | (68,801) | (75,781) |
| Finance charges allocated to future periods | (621,527) | (654,043) |
| **Net PFI, liabilities** | **190,510** | **193,422** |
| - not later than one year; | 3,172 | 2,912 |
| - later than one year and not later than five years; | 23,637 | 20,048 |
| - later than five years. | 163,701 | 170,462 |
| | **190,510** | **193,422** |

Gross PFI liabilities includes £68,801k (2018/19: £75,781k) in respect of lifecycle maintenance expenditure on the hospital PFI scheme. These are payments to replace components of the hospital infrastructure throughout the course of the PFI agreement.

Finance charges include both interest payable and contingent rent payable. Contingent rent is variable, dependent on the future rate of inflation using the Retail Prices Index (RPI). The Trust has assessed the future rate of RPI with regard to historical trends and current forward-looking estimates.

### 24.3 The Trust is committed to make the following payments for on-SoFP PFI obligations during the next year in which the commitment expires:

| | 31 March 2020 £'000 | 31 March 2019 £'000 |
|---|---|---|
| 16th to 20th years (inclusive) | 42,483 | 41,536 |
| **Total** | **42,483** | **41,536** |

### 24.4 The Trust is committed to make the following payments in respect of the service element of the On-SoFP PFIs.

| | 31 March 2020 £'000 | 31 March 2019 £'000 |
|---|---|---|
| Charge in respect of the service element of the PFI, LIFT or other service concession arrangement for the period | 25,194 | 23,033 |
| Commitments in respect of the service element of the PFI, LIFT or other service concession arrangement: | | |
| - not later than one year; | 25,224 | 24,744 |
| - later than one year and not later than five years; | 107,097 | 105,015 |
| - later than five years. | 384,272 | 414,133 |
| **Total** | **516,593** | **543,892** |

## 25. Provisions

| | Current 31 March 2020 £'000 | Non-current 31 March 2020 £'000 | Current 31 March 2019 £'000 | Non-current 31 March 2019 £'000 |
|---|---|---|---|---|
| Pensions - Early departure costs | 115 | 848 | 118 | 881 |
| Pensions - Injury benefits | 126 | 2,240 | 85 | 1,247 |
| Legal claims | 94 | 0 | 79 | 0 |
| VSS & Redundancy | 3 | 0 | 0 | 0 |
| Clinician pension tax | 115 | 1,484 | 0 | 0 |
| **Total** | **453** | **4,572** | **282** | **2,128** |

**2019/20**

| | Pensions £'000 | Legal claims £'000 | VSS & Redundancy £'000 | Clinician Pension Tax Reimbursement £'000 | Total £'000 |
|---|---|---|---|---|---|
| **At 1 April 2019** | 2,331 | 79 | 0 | 0 | **2,410** |
| Change in the discount rate | 198 | 0 | 0 | 0 | **198** |
| Arising during the year | 1,052 | 54 | 3 | 1,599 | **2,708** |
| Utilised during the year | (241) | (39) | 0 | 0 | **(280)** |
| Unwinding of discount | (11) | 0 | 0 | 0 | **(11)** |
| **At 31 March 2020** | **3,329** | **94** | **3** | **1,599** | **5,025** |
| **Expected timing of cash flows:** | | | | | |
| Within one year | 241 | 94 | 3 | 115 | **453** |
| Between one and five years | 954 | 0 | 0 | 246 | **1,200** |
| After five years | 2,134 | 0 | 0 | 1,238 | **3,372** |
| | **3,329** | **94** | **3** | **1,599** | **5,025** |

Pensions covers liabilities in respect of former staff members. Due to the nature of the obligation (pension related) there is uncertainty over the expected timing of cash flows, duration and magnitude.

Legal claims include Employer's Liability and Public Liability claims. Incidents occurring after 1 April 1999 are covered by the NHS Litigation Authority Liabilities to Third Parties Scheme.

The NHS Litigation Authority holds provisions at 31 March 2020 of £256,935k (31 March 2019; £188,053k) in respect of clinical negligence liabilities of the Trust.

The clinician pension tax reimbursement relates to clinicians who are members of the NHS Pension Scheme and who as a result of work undertaken in this tax year (2019/20) face a tax charge in respect of the growth of their NHS pension benefits which will be paid for by the NHS Pension Scheme. Accordingly we have reflected the provision for this liability. It will be met in full by the NHS Pension Scheme. We have an equal and opposite asset in income accruals.

## 25. Provisions (continued)

**2018/19**

| | Pensions | Legal claims | VSS, redundancy and other | Total |
|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 |
| **At 1 April 2018** | 2,363 | 103 | 0 | **2,466** |
| Change in the discount rate | (21) | 0 | 0 | **(21)** |
| Arising during the year | 240 | 4 | 0 | **244** |
| Utilised during the year | (257) | (28) | 0 | **(285)** |
| Reversed unused | 0 | 0 | 0 | **0** |
| Unwinding of discount | 6 | 0 | 0 | **6** |
| **At 31 March 2019** | **2,331** | **79** | **0** | **2,410** |
| **Expected timing of cash flows:** | | | | |
| Within one year | 203 | 79 | 0 | **282** |
| Between one and five years | 788 | 0 | 0 | **788** |
| After five years | 1,340 | 0 | 0 | **1,340** |
| | **2,331** | **79** | **0** | **2,410** |

## 26. Financial Instruments

### 26.1 Carrying values of financial assets

| Carrying values of financial assets as at 31 March 2020 | Held at amortised cost £0 | Held at fair value through I&E £000 | Held at fair value through OCI £000 | Total book value £000 |
|---|---|---|---|---|
| Trade and other receivables excluding non financial assets | 27,863 | 0 | 0 | **27,863** |
| Cash and cash equivalents at bank and in hand | 13,432 | 0 | 0 | **13,432** |
| **Total at 31 March 2020** | **41,295** | **0** | **0** | **41,295** |

| Carrying values of financial asets as at 31 March 2019 | Held at amortised cost £000 | Held at fair value through I&E £000 | Held at fair value through OCI £000 | Total book value £000 |
|---|---|---|---|---|
| Trade and other receivables excluding non financial assets | 24,915 | 0 | 0 | **24,915** |
| Cash and cash equivalents at bank and in hand | 7,462 | 0 | 0 | **7,462** |
| **Total at 31 March 2019** | **32,377** | **0** | **0** | **32,377** |

## 26. Financial Instruments (continued)

### 26.2 Carrying values of financial liabilities

| | Held at amortised cost | Held at fair value through the I&E | Total book value |
|---|---|---|---|
| | £000 | £000 | £000 |
| **Carrying values of financial liabilities as at 31 March 2020** | | | |
| Loans from the Department of Health and Social Care | 195,911 | 0 | **195,911** |
| Obligations under finance leases | 252 | 0 | **252** |
| Obligations under PFI, LIFT and other service concession contracts | 190,510 | 0 | **190,510** |
| Other borrowings | 0 | 0 | **0** |
| Trade and other payables excluding non financial liabilities | 60,218 | 0 | **60,218** |
| Other financial liabilities | 0 | 0 | **0** |
| Provisions under contract | 5,025 | 0 | **5,025** |
| **Total at 31 March 2020** | **451,916** | **0** | **451,916** |

| | Held at amortised cost | Held at fair value through the I&E | Total book value |
|---|---|---|---|
| | £000 | £000 | £000 |
| **Carrying values of financial liabilities as at 31 March 2019** | | | |
| Loans from the Department of Health and Social Care | 111,893 | 0 | **111,893** |
| Obligations under finance leases | 434 | 0 | **434** |
| Obligations under PFI, LIFT and other service concession contracts | 193,422 | 0 | **193,422** |
| Other borrowings | 0 | 0 | **0** |
| Trade and other payables excluding non financial liabilities | 57,776 | 0 | **57,776** |
| Other financial liabilities | 0 | 0 | **0** |
| Provisions under contract | 2,410 | 0 | **2,410** |
| **Total at 31 March 2019** | **365,935** | **0** | **365,935** |

### 26.3 Fair values of financial assets and liabilities

Book value (carrying value) is a reasonable approximation of fair value of the above financial assets and liabilities.

### 26.4 Maturity of financial liabilities

| | 31 March 2020 | 31 March 2019 |
|---|---|---|
| | £000 | £000 |
| In one year or less | 261,426 | 82,946 |
| In more than one year but not more than two years | 5,278 | 34,729 |
| In more than two years but not more than five years | 19,378 | 76,270 |
| In more than five years | 165,835 | 171,990 |
| **Total** | **451,917** | **365,935** |

### 26.5 Financial risk management

Financial reporting standard IFRS 7 requires disclosure of the role that financial instruments have had during the period in creating or changing the risks a body faces in undertaking its activities. Because of the continuing service provider relationship that the Trust has with Clinical Commissioning Groups and the way those Clinical Commissioning Groups are financed, the Trust is not exposed to the degree of financial risk faced by business entities. Also financial instruments play a much more limited role in creating or changing risk than would be typical of listed companies, to which the financial reporting standards mainly apply. The Trust has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's treasury management operations are carried out by the finance department, within parameters defined formally within the Trust's standing financial instructions and policies agreed by the board of directors. Trust treasury activity is subject to review by the Trust's internal auditors.

#### 26.5.1 Currency risk

The Trust is principally a domestic organisation with the great majority of transactions, assets and liabilities being in the UK and sterling based. The Trust has no overseas operations. The Trust therefore has low exposure to currency rate fluctuations.

#### 26.5.2 Interest rate risk

The Trust has borrowings in the form of PFI arrangements and a Finance Lease. For both types of borrowings, the interest rate is fixed, resulting in a low level of associated risk. Contingent rent does apply to the largest PFI scheme, as it is indexed through a twice yearly application of RPI. There is therefore an interest rate risk associated with that, though it is deemed to be low due to its comparative size and current market conditions.

#### 26.5.3 Credit risk

Because the majority of the Trust's income comes from contracts with other public sector bodies, the Trust has low exposure to credit risk. The maximum exposures as at 31 March 2020 are in receivables from customers, as disclosed in the Trade and Other Receivables note.

The Trust's Treasury Management Policy has clear criteria, is updated regularly and advice is taken from it's investment advisers so as to ensure that there is a very low level of risk associated with cash and any deposits with financial institutions.

#### 26.5.4 Liquidity risk

The Trust's operating costs are incurred under contracts with Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust is not, therefore, exposed to significant liquidity risks.

## 27. Events after the reporting year

On 2 April 2020, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement announced reforms to the NHS cash regime for the 2020/21 financial year. During 2020/21 existing DHSC interim revenue and capital loans as at 31 March 2020 will be extinguished and replaced with the issue of Public Dividend Capital (PDC) to allow the repayment. Given this relates to liabilities that existed at 31 March 2020, DHSC has updated its Group Accounting Manual to advise this is considered an adjusting event after the reporting period for providers. Outstanding interim loans totalling £195,131k as at 31 March 2020 in these financial statements have been classified as current as they will be repayable within 12 months.

## 28. Capital cost absorption rate (PDC)

The Trust incurs a charge on the balance of any funding received from the government. This is in the form of a PDC dividend charge that is broadly calculated as 3.5% of the Trust's average net relevant assets. In 2019/20 this equated to a £0k charge (£0k in 2018/19).

## 29. Related party transactions

The Norfolk and Norwich University Hospitals NHS Foundation Trust is a body corporate established by order of the Secretary of State for Health.
During the year none of the Board Members or members of the key management staff or parties related to them has undertaken any material transactions with the Foundation Trust.
The Department of Health and Social Care is regarded as a related party. It is the parent department for DHSC group bodies. Accordingly we are required to provide a note of the main entities within the public sector with which we have had dealings. They are: Norfolk CCGs, NHS England, HMRC and NHS Pension Schemes.

| **Related Party Transactions** | **Income Year ended 31 March 2020 £'000** | **Expenditure Year ended 31 March 2020 £'000** | **Income Year ended 31 March 2019 £'000** | **Expenditure Year ended 31 March 2019 £'000** |
|---|---|---|---|---|
| Value of transactions with board members | 0 | 0 | 0 | 0 |
| Value of transactions with key staff members | 0 | 0 | 0 | 0 |
| Value of transactions with other related parties: | | | | |
| - Department of Health | 0 | 0 | 0 | 0 |
| - Other NHS Bodies | 0 | 0 | 0 | 0 |
| - Charitable Funds | 2,078 | 0 | 1,004 | 0 |
| - Other | 464 | 2,492 | 483 | 2,818 |
| - NHS Shared Business Services | 0 | 523 | 0 | 538 |

| **Related Party Balances** | **Receivables 31 March 2020 £'000** | **Payables 31 March 2020 £'000** | **Receivables 31 March 2019 £'000** | **Payables 31 March 2019 £'000** |
|---|---|---|---|---|
| Value of balances (other than salary) with related parties in relation to doubtful debts | (1,983) | 0 | (1,953) | 0 |
| Value of balances (other than salary) with related parties in respect of doubtful debts written off in year | 0 | 0 | 0 | 0 |
| Value of balances with other related parties: | | | | |
| Department of Health | 0 | 0 | 0 | 0 |
| Other NHS Bodies | 0 | 0 | 0 | 0 |
| Charitable Funds | 850 | 0 | 138 | 0 |
| Other | 547 | 526 | 175 | 890 |
| NHS Shared Business Services | 0 | 3 | 0 | 41 |

**Remuneration of Key Management Personnel**

The following table analyses the remuneration of key management personnel (deemed to be the Board of Directors) in accordance with IAS 24.

| | **Year ended 31 March 2020 £'000** | **Year ended 31 March 2019 £'000** |
|---|---|---|
| Short term employee benefits (pay) | 1,162 | 1,116 |
| Post-employment benefits (employers pension contribution) | 90 | 114 |

The highest paid Director in 2019/20 received remuneration of £250k, excluding pension related benefits and exit packages, for their services as Medical Director including an element relating to their non-managerial role. In 2018/19 the highest paid Director received remuneration of £232k, not including pension related benefits and exit packages, for their services as Chief Executive.

Further details on remuneration of the Board of Directors can be found in the Remuneration Report.

In addition, the Trust had a number of material transactions with other Government Departments and other central and local Government bodies. Most of these transactions were with HM Revenue & Customs in respect of the deduction and payment of PAYE and with South Norfolk Council in respect of rates.

The Trust has also received revenue and capital payments from the Norfolk and Norwich University Hospitals NHS Foundation Trust Charitable Fund, the Corporate Trustee of which is the Trust. These payments are outlined below.

## 29. Related party transactions (continued)

The services of the Norfolk and Norwich University Hospitals NHS Foundation Trust have benefited from payments of £1,209k for enhancement of the patient environment, investment in staff, additional equipment, and research (2018/19: £288k) from the Norfolk and Norwich Hospitals Charity.

During the year assets to the value of £3,805k (2018/19: £1,157k) were donated to the Foundation Trust, of which £1,888k (2018/19: £842k) came from the Norfolk and Norwich University Hospitals Charity.

The Norfolk and Norwich University Hospitals NHS Foundation Trust has recharged the sum of £170k (2018/19: £162k) to the Norfolk and Norwich University Hospitals Charity for the provision of the administration and management of the charity.

The Norfolk and Norwich University Hospitals NHS Foundation Trust has received payments of £22k (2018/19: £3k) from the Eastern Academic Health Science Network. The Chief Executive Officer is a member of the board of this network.

The Norfolk and Norwich University Hospitals NHS Foundation Trust has made payments of £387k (2018/19: £356k) to Norwich Research Partners LLP. The Chief Executive Officer and a Non-Executive director are members of the board of this organisation.

The Norfolk and Norwich University Hospitals NHS Foundation Trust has made payments of £2,105k (2018/19:£2,462k) to the University of East Anglia and received income of £442k (2018/19:£0k). A Non-Executive director is the Vice-Chancellor of this organisation.

## 30. Third Party Assets

The Trust held £2k (2018/19: £2k) cash at bank and in hand at 31 March 2020 which relates to monies held by the Trust on behalf of patients. This has been excluded from the cash at bank and in hand figure reported in the accounts.

## 31. Losses and Special Payments

There were 3,050 cases of losses and special payments totalling £291k paid during the year (2018/19: 1,849 cases totalling £211k).

| | 31 March 2020 | | 31 March 2019 | |
|---|---|---|---|---|
| | Number | £'000 | Number | £'000 |
| **Losses** | | | | |
| Cash losses (including overpayments, physical losses, unvouched payments and theft) | 7 | 1 | 0 | 0 |
| Bad debts and claims abandoned (excluding cases between FT and other NHS bodies) | 2,999 | 175 | 1,783 | 22 |
| Stores losses (including damage to buildings and other properties as a result of theft, criminal damage and neglect) | 3 | 105 | 3 | 173 |
| **Special Payments** | | | | |
| Ex gratia payments | 41 | 10 | 63 | 16 |
| | **3,050** | **291** | **1,849** | **211** |

These amounts are recorded on an accruals basis but excludes provisions for future losses.

## 32. Contingent Assets and Contingent Liabilities

There are no contingent assets.

The Trust has a contingent liability in relation to the Flowers versus East of England Ambulance case, in relation to costs of overtime being taken into account in the calculation of the holiday pay. This has not been provided for on the basis that the case is being appealed.

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